

reaction
or hard to predict

Weekend FT

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Europe: a bitter welcome
for the world's fugitives
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of the billionaires
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Pirates: the truth about
Hook's horrible cousins
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FINANCIAL TIMES



Weekend May 9/May 10 1992

EUROPE'S BUSINESS NEWSPAPER

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Milosevic in full control as 38 generals sacked

By Christopher Parkes in Bonn

Yugoslavia

purred the top ranks of the military establishment to give Serbian president Slobodan Milosevic full control of the army. The dismissal of 38 generals follows a two-month smear campaign in the state-run Serbian media of the army's performance in the war in Croatia. Page 2

Thailand

demonstration stopped: Riot police

threw thousands of anti-government demonstrators in central Bangkok when they tried to march to the king's palace to demand the ousting of prime minister Suchinda Kraprayoon. Page 3

South Africa

Mandela seeks answers

African National Congress president Nelson Mandela (left), called on the government to answer allegations that General G.P. van der Westhuizen, South Africa's military intelligence chief, was involved in the assassination in 1985 of an anti-apartheid leader. Page 3

US

Fall in US jobless: The first fall in US

unemployment for nine months was seen as further evidence of economic recovery. Page 3

UK

Offield venture: Chevron Corporation, fourth largest US oil company, has agreed to a joint venture with Kazakhstan which could lead to the development of one of the world's largest oilfields. Page 2

Philippines

Jail for ex-fertiliser doctor: Cecil Jacobson, a former fertility doctor from Alexandria, Virginia, convicted of deceptively impregnating patients with his own sperm, was sentenced to five years in prison and fined \$75,000.

Death toll rises:

The death toll from the collapse of a temporary soccer stand in Bastia, Corsica, rose to 12 when another of the 500 injured

in hospital.

Japan

Broker to quit: Hoare Govett Japan, Japanese arm of the London-based broker, will close its Tokyo branch, becoming the seventh foreign-affiliated broker to withdraw from Tokyo. Page 10

Political successes:

Major UK prime minister John Major said he was "extremely pleased" with the results of Thursday's local elections, in which the Conservatives took control of seven councils and gained more than 30 seats. Page 4

Australia

Woolworth moves: The German arm of US supermarket chain Woolworth has taken an indirect stake of 6.25 per cent in Herten, Germany's fourth largest retail group, for an undisclosed sum. Page 10

UK

MIS takes lead: MIS is to replace the Metropolitan Police Special Branch leader in the battle against IRA attacks in mainland Britain. Page 3

Sweden

State takes control: The Swedish government is to take full control of Nordbanken, the country's second largest commercial bank, in a Skr20bn (\$3.28bn) rescue. Page 10

US

IBM interest: IBM may invest in Time Warner Entertainment, film, television and cable division of the entertainment group, in connection with plans to create a joint venture. Page 10

UK

Emissions agreement closer: Negotiators from 143 countries last night appeared close to agreement on limiting emissions of carbon dioxide and other "greenhouse" gases. Page 2

UK

Debenhams to shut shops: Debenhams, which runs the UK's biggest chain of butcher's shops, is to close up to 600 of its 1,000 high-street outlets over the next 18 months, with the loss of up to 15,000 jobs. Page 4

Albania

Peace with Albania: Britain is to return to Albania \$10m in gold looted by the Nazis during the second world war and Albania will pay \$2m (£1.2m) compensation for an accident in 1946 in which 44 British seamen died off Albania. However, money and gold are unlikely to change hands. Page 2

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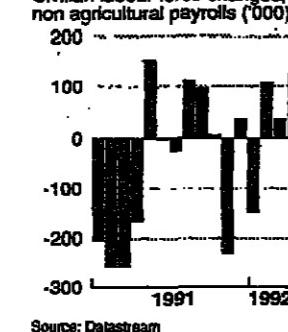
Emissions agreement closer: Negotiators from 143 countries last

NEWS: INTERNATIONAL

Fall in jobless shows sluggish US recovery

By Michael Prowse in Washington

US employment
Civilian labour force changes, non-agricultural payrolls ('000)



FIGURES showing the first fall in US unemployment for nine months were yesterday seen as further evidence that a sluggish recovery is underway.

The Labour Department said the unemployment rate fell to 7.2 per cent last month compared with 7.3 per cent in March. Non-agricultural employment rose 126,000 to just over 108m, about twice the increase expected in financial markets. This was the third consecutive monthly increase in non-farm employment after a setback during the winter.

"It's a crawl, but a crawl up," said Mr Allen Sinai, chief economist at the Boston Group, an economic consultancy. He said employment was rising at about half the rate normal at the start of an economic recovery.

Mr William Brown, chief economist at J.P. Morgan, said the figures indicated positive economic growth but "not a fully fledged recovery". Many analysts expect the economy to continue expanding at about the 2 per cent annual rate registered in the first quarter.

Few economists rule out the possibility of another small cut in interest rates if the economy fails to gather momentum. The Federal Reserve, the central

Pay-off 202 years on for Madison

By George Graham in Washington

IT has taken him 202 years, but James Madison has at last put his final mark on the US Constitution.

Michigan this week became the 38th state to ratify a constitutional amendment to limit Congress's right to raise its own pay, first proposed by Madison in 1789 - when Michigan was under British rule. This gives the proposal the endorsement of three quarters of the states, enough to allow it to take its place as the 27th amendment.

In spite of its advanced age, the amendment matches remarkably the mood of US voters today, when Congress is under sustained attack for voting itself perks and pay rises.

The amendment provides that "No law varying the compensation for the services of senators and representatives shall take effect, until an election of representatives shall have intervened."

Madison, the principal author of the Bill of Rights, argued that allowing members to vote themselves an immediate pay rise would show "indiscipline."

The mood was further undermined by the mounting cer-

N-forces to remain under CIS control

By Leyla Boultin in Moscow

NUCLEAR FORCES of the former Soviet Union will remain under joint Commonwealth control for the time being despite Russia's decision to form its own military forces, Gen Pavel Grachev, acting Russian defence minister, said yesterday.

He spelt out plans for dismantling the Red Army at a ceremony to commemorate the anniversary of its finest hour - the defeat of Nazi Germany 47 years ago today.

Gen Grachev, appointed on Thursday

to 15m by 1996 to create an army that was "powerful, mobile... manageable and professional". It planned to set up rapid deployment forces and would take its general staff from that of the former Red Army.

However, this did not mean the immedi-

ate disappearance of the Commonwealth joint command, which would remain in place until all strategic weapons were withdrawn from Belarus and Ukraine. Gen Grachev suggested Russia might have to negotiate a separate treaty with Kazakhstan, the other republic with nuclear arms on its territory, or find a means of prolonging some kind of Commonwealth control over these weapons.

Belarus and Ukraine have committed themselves to becoming non-nuclear weapon states, but Kazakhstan has insisted on keeping its options open.

NEWS IN BRIEF

Fierce fighting for key Nagorno-Karabakh town

ARMENIAN irregulars attacked the last Azerbaijani stronghold in the disputed enclave of Nagorno-Karabakh yesterday. Reuters reports from Moscow. The dawn assault on the heavily-defended town of Shusha left little hope of success for an Iranian-mediated ceasefire signed the same day in Tehran by the Armenian and Azerbaijani presidents.

Azerbaijan rejected Armenian claims to have taken the town. Its capture by Nagorno-Karabakh's Armenian majority would be a turning-point in the war between the former Soviet republics. Both sides reported heavy casualties in yesterday's fighting.

Walesa seeks greater powers

President Lech Walesa of Poland yesterday asked parliament to vote for a strong executive presidency with powers to appoint and dismiss governments, writes Christopher Bobinski in Warsaw.

His speech is likely to prolong the government crisis and further strain the relations between the Parliament and the presidency. If, as is likely, parliament fails to grant him these powers, Mr Walesa threatened to appeal to the country, and build his own party in order to force "effective government".

Mexican inflation falls

Mexico's inflation rate in April fell to 0.9 per cent, bringing the cumulative rate for the first four months of the year to 5 per cent, reports Damian Fraser from Mexico City. While inflation is now at its lowest since 1975, the government target of single digit inflation appears out of reach.

Norway's budget deficit soars

Norway yesterday unveiled a revised budget for 1992 which disclosed a massive deficit due to lower oil prices and measures to cut record unemployment levels.

Albania and UK resolve old war disputes

By Robert Graham in Rome

ONE of the last major remaining diplomatic and legal disputes arising out of the Second World War was resolved yesterday at the British embassy in Rome.

At a low key ceremony, Albanian and British officials agreed to bury all outstanding differences caused by the Corfu Channel incident, when, in 1946, two British destroyers struck Albanian laid mines while exercising their rights passing through the Corfu Channel.

Britain took the Corfu Chan-

nel incident to the Interna-

tional Court of Justice at the Hague which ruled in 1948 that the Albanian government pay £84,947 compensation. The communist government in Tirana never recognised the decision and with the isolationism of the regime of Enver Hoxha a dialogue was impossible. The first tentative contacts began only seven years ago.

Yesterday's agreement involved Britain undertaking to hand over some 1,574kg of gold to Albania as the latter's share held by Britain in the tripartite commission. In return, Britain will receive \$2m from Albania in settlement of

all outstanding claims.

It is doubtful whether any money or gold will change hands. Britain accepted the impossibility of Albania paying the accumulated value of the court judgment, and the democratically-elected government of President Sali Berisha refrained from pressing for payment of the current value of the gold. Britain established diplomatic relations last year but the agreement smooths the way for increased bilateral assistance from the UK. The agreement requires formal approval from France and the US.

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Chevron wins deal on Kazakhstan oilfields

By Deborah Hargrave

NEVROVON Corporation has signed a long-term agreement with the government of Kazakhstan that could amount to one of the largest new oilfield investments in the Soviet Union and its successor states currently under negotiations.

The company said it had signed a production sharing contract with the Kazakh authorities in the Soviet Union and its successor states currently under negotiations.

The company said the deal is the second largest venture entered into by the company over the last four years of negotiations. The company's press release said the document proposing the killing of Mr Matthew Goniwe and two other anti-apartheid leaders, dated June 7, 1985.

The shot and mutilated bodies of Mr Goniwe and four colleagues, including the two named in the army intelligence document, purportedly sent to the State Security Council (the highest state security body) were discovered two weeks later. The document is allegedly signed by Brigadier (now General) C.P. van der Westhuizen, now South Africa's military intelligence chief of staff.

The government of President F.W. de Klerk, who took office in September 1989, has been able to distance itself from allegations of political assassinations during the tenure of former president P.W. Botha.

If the newspaper can prove its claims, government will have to explain the current role of Gen van der Westhuizen. It would reinforce allegations the Government runs a "dirty tricks" department, a pro-apartheid "third force" within the security services.

Government spokesmen said yesterday the authenticity of the document would be investigated but denied state complicity in the deaths.

An inquiry into corruption in the administration of black homelands has found that millions of rands disappeared through theft, corruption and maladministration.

Mandela demands answer on 'hit squad'

By Michael Holman and Paul Walden in Johannesburg

MR Nelson Mandela, president of the African National Congress (ANC), yesterday called on the government to answer allegations that a South African security agency was involved in the assassination in 1985 of a prominent anti-apartheid leader.

In the latest, and potentially most serious allegation about the existence of a government-directed hit squad, a Johannesburg newspaper yesterday linked the army intelligence chief with one of South Africa's most notorious political killings. It published what it claimed was an authentic document proposing the killing of Mr Matthew Goniwe and two other anti-apartheid leaders.

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An inquiry into corruption in the administration of black homelands has found that millions of rands disappeared through theft, corruption and maladministration.

Security forces block protest by tens of thousands demanding removal of prime minister

Thai march on king's palace halted

By Peter Ungphakorn in Bangkok

TENS of thousands of demonstrators in Bangkok were blocked by security forces last night after the former governor of Bangkok, Major-General Chamlong Srimuang, led a march to the king's palace demanding the removal of prime minister Suchinda Krairayoon.

Most protesters, estimated at over 100,000 and probably the largest political demonstration in Thailand for 20 years, remained seated in the huge plaza where a round-the-clock rally is being held.

When police and soldiers blocked his route, Gen Chamlong, who has been on hunger strike since Monday, was reported to have turned his convoy round in an attempt to persuade the rest of the demonstrators to join him.

He is said to be weak and has given himself only a few more days to live. His decision to join the fast on Monday and

to lead the march on the palace seemed to be designed to keep up pressure on the government and to bring the month-long crisis to a head.

Protest organisers were split,

with some complaining bitterly

about the former governor's unilateral action. An umbrella group of academics and human rights activists reportedly announced they were leaving the demonstration.

Earlier, the atmosphere at the rally was more relaxed and confident. Huge numbers have remained seated in the huge plaza where a round-the-clock rally is being held.

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NEWS: UK

■ Ashdown wants opposition forums ■ Tories make record gains ■ Turnout higher than first thought

'One-party' Conservatives emerge as clear winners claims draw Labour fire

By Ralph Atkins

LABOUR moved yesterday to quell suggestions that its poor performance in Thursday's local elections had ushered in a period of one-party politics, as the Conservatives achieved their best council result for 15 years.

Mr Paddy Ashdown, Liberal Democrat leader, will today try to capitalise on Labour's gloom by arguing that its leaders can no longer claim to speak for all non-Conservatives.

He will propose setting up wide-ranging policy forums, which would include Labour representatives, to develop an anti-Tory political agenda.

As the final results were announced Mr Jack Cunningham, Labour's campaigns co-ordinator, conceded that the loss of more than 360 seats was disappointing. He said, however, that Labour remained "overwhelmingly the dominant party of local government" with about 9,100 councillors compared with about 8,400 for the Tories.

In spite of a Conservative party estimate that the turnout was a "perfectly respectable" 42 per cent, Mr Cunningham said the lower number of voters in Labour strongholds meant "it is misplaced to read any long-term trends or conclusions" from the results. "What happened on April 8 was something altogether on a very different scale," he said.

Mr Bryan Gould, Labour's environment spokesman and candidate for party leader, told reporters that it was "premature and faintly ridiculous to begin a discussion on whether we have now entered a one-party state."

Mr Gould dismissed a pact with the Liberal Democrats but said he favoured "building common ground" with other parties to prove the Tories

were in a minority on many issues. Later he set equality of women and a less "macho" image for politics as a central theme of his leadership bid.

The Conservative party will announce this weekend the replacement of Mr Chris Patten as party chairman by Sir Norman Fowler, the former employment secretary who acted as minister to Mr John Major during the election.

Mr Patten described the local election results as "spectacular". He said: "They are the best results for the Conservative party for 15 years and the best results for any governing party." They again showed only the Conservatives could be trusted to provide high-quality services at the best price.

His ebullience was recognised by Mr Ashdown, who acknowledged Liberal Democrats had been wrong to expect gull-striken Tory voters at the general election to switch support for the local elections.

Mr Ashdown said, however, that the Liberal Democrats had been able to make "steady progress", even in the face of rising Conservative support.

He said the Liberal Democrat share of the vote was about 19 per cent, 3 percentage points higher than in 1988. Labour claimed about 32 per cent compared with about 45 per cent for the Tories.

Mr Ashdown's speech today will stop well short of calling for election pacts, which would have little support in his party, but will suggest policy forums drawing members from a range of organisations and starting initially on electoral reform.

He wants to spark debate on the realignment of the opposition parties – but is unlikely to receive much attention from Labour leadership candidates who want to lead any moves towards mechanisms for building anti-Tory alliances.

By David Butler

IN NATIONAL terms the Conservatives were plainly the winners in Thursday's vote – and winners on a scale that has eluded them in every set of local elections since the late 1970s. They took a record share of the vote and made a record number of gains. The results indicated a nationwide swing to the Tories of more than 4 per cent.

Labour lost seats and votes on Thursday and should not blame the outcome on their election-weary supporters. The turnout does not appear to have declined as much as early reports suggested.

However, Labour still controls many councils in safe Conservative seats. The Conservatives have a clear majority in only 28 of the 307 authorities that went to the polls, while Labour controls 88 councils.

The Liberal Democrats control eight districts and 68 councils are hung, an increase of nine. In most of those power is shared between Labour and the Liberal Democrats.

Granted that only a third of the seats

were at stake in any council, however, the Conservatives fared well in many areas. They won a majority of the seats fought in Birmingham, Bradford, Brighton and Bristol, as well as in Derby, Gloucester, Portsmouth, Stoke-on-Trent, Walsall and Wolverhampton.

The Liberal Democrats held all of their strongholds and gained a scattering of seats compared with 1988, when this year's crop were last contested.

But in 1988 the centre parties were descending into their post-Owen abyss. This year they plainly hoped for better things and their disappointment is that they did not benefit from the expected return to the fold of those supporters who a month ago deserted them lest Paddy Ashdown proved the Trojan horse for a Labour government.

The normal by-election swing against the government, so often manifest in the annual local contests, was missing. Since April 9, of course, the Liberal Democrats have had no publicity while Labour's successes have plainly been counter-productive. The government has basked in the afterglow of its unexpected victory, and this week its pop-

ularity was reinforced by buoyant economic forecasts and a cut in base rates of half a percentage point to 10 per cent.

There was no strong regional pattern to the results, although Labour's worst results seem to have been in the Midlands. Nottingham and Leicester, where they polled exceptionally well last month, were not voting.

Scotland had been expected to produce the most interesting results but in the event provided little excitement. Labour advanced in Aberdeen but fell back in Edinburgh and lost four seats in Glasgow.

The SNP gained 30 seats in all but failed to add to the one council they control or to attain significant bridgeheads. The Conservatives remain very much a minority party north of the border but, as in the general election, a small movement has increased their authority to resist the pressures for radical constitutional change. For the rest of Britain it is hard to read any great and lasting expression of national will into these votes.

The author is a fellow of Nuffield College, Oxford.

NET SEAT GAINS/LOSSES	
Conservative	+308
Labour	-365
Lib Dem	+61
Green	-2
SNP	+30
Plaid Cymru	+3
Independent	-33

CHANGES IN CONTROL

C GAINS: Basildon (NOC), Perth (NOC), Stratford-upon-Avon (NOC), Woking (NOC) Dudley (Lab), Kyle & Carrick (Lab), Welwyn Hatfield (Lab)

LAB GAINS: Aberdeen (NOC), Cumbernauld (NOC)

LIS DEM GAINS: Anindale (NOC)

LAB LOSSES TO NOC: Bury, Calderdale, Cambridge, Clydesdale, Edinburgh, Falkirk, Kilmarnock, Milton Keynes, Rochdale, Walsall, Wirral, Wolverhampton, Wyre Forest

C LOSS TO NOC: Beccles (C)

NOC = no overall control

Tories to oppose school opt-outs

By Andrew Adonis

WANDSWORTH council, the Conservatives' flagship borough in south-west London, looks set to resist attempts by its remaining comprehensive schools to opt out of its control to avoid the re-introduction of selection.

Mr Edward Lister, chairman of Wandsworth's education committee, said he was "strenuously opposed" to the borough's secondary schools opting out as a way of remaining unformed comprehensives. Although this was a personal view, he said he was "confident" it would be the borough's response to any opt-out applications.

Applications by schools for grant-maintained status do not require local authority consent, but if applications were opposed by Wandsworth they would be embarrassing test cases of the government's commitment to opting out.

Educated ministers have repeatedly claimed that opting out is intended to foster freedom and responsibility for school governors, irrespective of arguments for and against selection.

Apart from two church schools, only four comprehensives remain under Wandsworth's direct control, one of which is to become a selective city technology college. Three other comprehensives have already opted out with the borough's blessing.

Mr Lister, who is favourite to succeed Sir Paul Beresford as leader of the council, is determined that the council's three remaining comprehensives adopt subject or vocational specialisms along with tests and interviews to select pupils for entry. A consultation paper is about to be issued.

Mr Lister said: "We must oppose those three schools opting out of council control. It would not improve choice. But if those schools become selective and provide choice and variety then I will happily support grant-maintained status therefor."

Councillors face a shrinking town hall

Alison Smith on how the role of local politicians is likely to change during the next four years

UK's plural democracy.

Officials at the environment department believe that the present ministerial team has a less minimalist view of the constitutional role of local councils than did Mr Michael Heseltine, the former environment secretary.

This belief in councils' constitutive role may be little comfort to councillors conscious that both the main parties have seen a declining variety of candidates as one of the main pressures for change.

If Labour had been in power this point would have been addressed by giving authorities a wider role and by making some posts salaried.

Mr Gould said: "I believe that being a councillor should be a full-time occupation for some people, not a hobby people indulge in during the evenings."

Under the present government the response is to try

to cut down the commitment.

The role of local authorities will continue to be reduced as more schools become grant-maintained – though councils will be taking on responsibility for community care – as they work within an ever-tightening central government regime which caps local spending, and which their automatic provision of services comes under further challenge.

In spite of these trends Mr Redwood can still point to the discretion councils have in the provision of some services and can highlight how planning decisions give them "enormous power over the private-sector life of this country".

His argument that detailed government intervention in the delivery of some local services through setting procedures for compulsory competitive tendering (CCT) merely

amounts to "suggesting ways in which things could be better managed" is, however, likely to be greeted with a hollow laugh in town halls.

This is particularly so as government intervention through CCT is to be extended, with introduction into housing management a priority.

Sir George Young, the housing minister, speaks of councils developing a more challenging and important role once they hand over the management of their housing stock. Mr Redwood believes that the council's role as a provider of services can inhibit its ability to take decisions, but will not prescribe a separation of functions as a solution.

He said: "If a council is a very dominant provider, it may be very protective about other people coming in to provide a slightly different style of service in a chosen area.

"It may well be with certain

kinds of care provided in the community that if the authority sees its prime task as enabling the care to be provided and standing up for those who are going to enjoy the care, that they become even tougher on standards – which would be a good thing. But I don't want to overdo it... All I ask is that they get good value for money and think about these issues."

Alongside a strengthened role as enablers over the next four years, councillors may find themselves giving more prominence to debating policy and may also develop a role in scrutinising council efficiency, as the cross-party House of Commons public accounts committee does for government departments.

As ministers have found with local government before, however, a change in the job description is more immediately accomplished than a widespread change in those filling the posts, especially as it is the voters rather than the government that make the appointments.

BCCI auditor scorns allegation of fraud

By Andrew Jack

PRICE WATERHOUSE, auditors to the collapsed Bank of Credit and Commerce International, yesterday dismissed as "outrageous" an accusation of fraud made on behalf of two Omani depositors with the bank.

According to the Federation of Civil Engineering, which surveyed more than 150 construction companies, more are predicting a rise in orders over the next 12 months than are expecting a fall. This is the first time there has been more optimism than pessimism about orders since April 1990, the federation said. But it warned that companies still expected to cut jobs over the next 12 months.

Clean sweep: Jonathon Harris mops seats at Wembley Stadium in preparation for today's FA Cup Final match



Cup fever paints city red

By Chris Tighe

THE GRASS on the bank around the Nissan factory's test track says it all. "Sunderland. Simply the Best," it proclaims in red and white paint.

Throughout the city the municipal gardeners have been planting red and white flowers in honour of its football team's appearance in today's FA Cup Final.

On the route the team will follow tomorrow on their triumphal return – win or lose – the lampposts are decked

with red and white pompons paid for by local companies.

To an outsider all this may seem excessive. But for Sunderland, reaching the final is the crowning achievement of a run of morale-boosting triumphs. Earlier this year it achieved city status and this week its polytechnic became a university.

Today Nissan is scrapping its regular Saturday morning overtime, and those shops staying open expect hardly a customer.

Up for the cup



Dewhurst to shed up to 1,500 jobs

By Gary Mead, Marketing Correspondent

DEWHURST, which runs the UK's biggest chain of butchers' shops, confirmed yesterday that it is to close up to 600 of its 1,006 high-street outlets over the next 18 months, with the loss of up to 1,500 jobs.

Dewhurst is a subsidiary of Union International, which handles the food businesses of the privately owned Vestey empire.

The Vestey group was recently forced to make sub-

stantial provisions on its property portfolio, and some observers regard the decision to slim the Dewhurst chain as partly a response to that. Union International and Vestey declined to comment yesterday.

Mr Mike Carter, marketing manager of Dewhurst, said the company planned to sell some of the shops as going concerns and that others would be taken over by current managers. Mr Carter was unable to put a market value on the sale. He added that Dewhurst would

review the situation during the next 18 months and, should business pick up, the company might dispose of fewer than the planned 600 units. The company has no plans to introduce franchise arrangements for the shops involved, and Dewhurst does not intend to close en bloc in any particular region or area of the UK.

Dewhurst has been hit by factors including the spread of Sunday trading, the growing strength of large supermarket chains and the recession. According to Verdict, a retail

research company, the large grocery chains now account for more than half of all carcass meat and 92 per cent of all bacon, ham, poultry and meat products sold in the UK. Mr Carter denied that a growing tendency towards vegetarianism had dented Dewhurst's market.

The latest government statistics indicate that the number of registered butchers fell by 540 to 13,641 in the year ending April 1991. Thirty years ago Britain had more than 33,000 high-street butchers.

Welsh site chosen

ORIGINAL Bradford Soap Works, the UK soap company, has chosen a site in Wales for its first European manufacturing site. About 65 jobs will be created and the £2.7m project near Chester is backed

Tories to oppose school opt-outs

By Andrew Adonis

WANDSWORTH Council's Conservative Councillor, Mr Edward Lister, said he was "strongly opposed" to the council's secondary schools opting out as a way of making them more comprehensive. Although this was a personal view, he said he was "proud" it would be the council's response to any applications.

Applications by school grant maintained status do not require local authority consent, but if applications were opposed by Wandsworth it would be embarrassing for the government's commitment to opting out.

Education minister, Mr. Kenneth Baker, recently claimed that opting out is intended to foster freedom and responsibility for school governors, irrespective of arguments for and against selection.

Apart from two élite schools, only four comprehensives remain under Wandsworth's direct control, which is to become a selective city technology college. The other comprehensives have already opted out with the council's blessing.

Mr Lister, who is now the leader of the council, has announced that the council's remaining comprehensives will adopt subject or vocational specialisms along with revised interviews to select pupils for entry. A consultation paper is about to be issued.

Mr Lister said: "We oppose these three schools opting out of council control. It would not improve choice. If these schools become selective and provide choice to students then I will happily support grant maintained selection."

itor scores of fraud

The deposited securities in London after relying on unauthorised accounts of Holdings Luxembourg.

The news comes a week after Consobolo Marzolla, the central district of the court discussed a case brought by US citizen Robert de Montesquieu, who filed a class action against the defendants, including Mr. de Montesquieu.

Mr. Graham Stacy, the law firm's partner counsel to the plaintiff, said: "We are grateful to the court that we can draw this case to a fair result."

However, Mr. Bill Lee, counsel to the defendants, a partner with Mr. Michael Weiss, said yesterday: "It would be acting early to speculate" on the outcome.

If that action fails, the原告 will appeal to the court of appeals. That could take months, years, but will require a rapid hearing. There are three other legal actions on similar lines, liquidated, but the second with Ferruzzi Waterhouse and Ferruzzi Vassalli, far back as 1988.

commends y offer

centralized pay inspection, down a procedure for payments and severance, and the procedure must be considered at national level.

The expanded CPSA will represent joint decisions, and is responsible for verifying supporting documents, and the union will be able to review the documents of its members.

The Department of Employment and Social Security has accepted the offer of a centralized pay inspection, and the union will be able to verify the documents of its members.

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The TECHNOLOGY to BUILD a GREAT boat.

The PEOPLE to WIN a GREAT VICTORY.



We knew we had a good boat. The first boat ever conceived entirely in the lab, the Moro di Venezia was designed using highly sophisticated engineering techniques, and some of the most advanced materials

ever developed. When we finished, we were quite proud of the work we had done. But boats don't win races. People win races.

And pride doesn't begin to describe the admiration and affection we have for Captain Paul Cayard and the Italian crew of

the Moro di Venezia. They have had the rare privilege of inspiring an entire nation. At Montedison, we applaud the

commitment, hard work, and spirit that brought the Louis Vuitton Cup to Italian shores. And while we're on the subject of cups, if it's not too much trouble, there's just one more we'd like to bring back. Go Italy!



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Ferruzzi Group



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interest
Westminster

FINANCIAL TIMES WEEKEND MAY 9/MAY 10 1992

FT ACTUARIES SHARE INDICES

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ECONOMIC DIARY

TODAY: Informal meeting of European Community finance ministers in Oporto. Six Gulf Co-operation Council foreign ministers hold extraordinary meeting in Riyadh to discuss stance on Damascus Declaration, a proposed post-Gulf War security pact with Syria and Egypt.

TOMORROW: Summit meeting of central Asian republics in the Turkmenistan capital Ashkhabad.

MONDAY: The Department of the Environment publishes figures for housing starts and completions during March. Central Statistical Office gives statistics for credit business (March).

Middle East regional talks continue in Washington. Philippine elections. European Community foreign ministers meet in Brussels. European Parliament telecommunications council meets in Brussels. European Parliament in plenary session in Strasbourg.

TUESDAY: Produced price index numbers for April. US producer price index (April); housing completions (March). Senior officials of the non-aligned movement due to start four-day meeting in Bali to prepare for September summit. Financial Times holds two-day conference "International Securities Markets: Limiting Market Risk" in London.

WEDNESDAY: US consumer price index (April). North Korea/Japan normalisation talks open in Beijing (until May 14).

THURSDAY: Labour market statistics: unemployment and unfilled vacancies (April-provisional); average earnings indices (March-provisional); employment, hours and productivity and unit wage costs; industrial disputes. Provisional figures of vehicle production (April). Capital issues and redemptions (April); Global Panel conference in The Hague.

FRIDAY: Usable steel production in April. Retail prices index and tax and price index for April. Summit of leaders of the Commonwealth of Independent States in Tashkent.

Mr Dyer's letter to shareholders in Dove REIT, Lloyd's public release.

Mr Jeremy Bray, the London-based consultant, said that the subject he wrote or sold to do not know who would be in the position.

Mr Thompson, who was retained by GWR until summer and has close political links with Mr Heseltine, emphasised that he had discussions with Lloyd's about its proposed offer and his financial interest in the company.

Other MPs with close ties include Mr David Davies, the Tory MP for Stevenage, a director of Spottiswoode, a director of Peter Roger Construction and Sir Peter Tapscott (Croydon East), who played a key part in negotiating the purchase of James Cossins' Hong Kong bank but has no connection with the stockbroker.

One ex-MP who will be closely involved is Mr Tony Mandate, the former Treasury minister who has become adviser to Mr William Foss, the Hong Kong bank chairman. Mr Mandate's appointment is partly at the behest of Mr Paul Ross Groves, a long-time Treasury adviser who has returned to James Cossins.

Mr Stephen Sherwin, whose career includes political secretary to Margaret Thatcher and leader to Mr Edward Heath, in charge of the House of Commons at Downing Street.

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INTERNATIONAL COMPANIES AND FINANCE

IBM considers investment in Time Warner division

By Louise Kehoe
In San Francisco

IBM may make a substantial investment in Time Warner Entertainment, the film, television and cable division of the entertainment empire, in connection with plans the companies are believed to be discussing to create a large-scale joint venture.

IBM says it is seeking partners in the entertainment, consumer electronics and telecommunications fields to create an independent venture that would offer "interactive multi-media services" to homes and businesses throughout the US.

"Movies on demand" will be one of the first applications of the planned service. Subscribers will be able to watch a film

of their choice at any time. Other potential uses include "interactive television", in which viewers could, for example, answer questions on a quiz show. IBM also envisages educational and information service applications.

Time Warner is believed to have become the primary focus of IBM's discussions. An alliance between the two would combine IBM's information processing expertise with Time Warner's entertainment media and distribution capabilities.

Other partners, including an electronics manufacturer, would be needed to provide equipment such as the "decoder" boxes for use with television sets.

A likely choice is Toshiba, which with C. Itoh, the Japa-

nese trading company, has agreed to take a 12.5 per cent equity stake in Time Warner Entertainment for \$500m each.

An investment of similar proportions by IBM would provide Time Warner with much needed cash.

The entertainment company has been seeking investments to reduce the enormous debt it incurred in its creation by the merger of the former Time and Warner Communications groups in early 1990.

IBM's primary goal is, however, to find a partner that would enable it to capitalise on its investments in "multi-media" technology, which apply computer technology to providing a rich mix of video, graphics and text information.

Foster's faces asset write-down

By Kevin Brown in Sydney

FOSTER'S Brewing Group, Australia's biggest brewer, yesterday warned that difficult economic conditions may force it to write down the value of its remaining non-core assets.

Foster's foreshadowed the move in response to a query from the Australian Stock Exchange about fluctuations in the group's share price, which fell from A\$1.92 on Monday to a low of A\$1.77 on Thursday.

The group said it could not explain the fall, and assured the exchange that no important announcements were about to be made which might have leaked out.

However, Foster's said "adjustments" to the carrying value of its assets might have to be made "in view of the uncertain and difficult economic conditions prevailing, particularly in the Australian property market".

Pinelands shares soar on sale news

SHARES in Pinelands, a New Jersey-based company, soared 85% to \$17.40 in active trading on Wall Street yesterday on news that the company had agreed to be acquired by Chris-Craft Industries for \$18 a share or about \$100m, writes Karen Zagor in New York.

If the deal goes ahead, it will allow Chris-Craft to become one of the largest US non-network television station businesses by giving the group a foothold in the important New York market. Chris-Craft's BHC Communications division operates seven stations.

On Wall Street, shares in Chris-Craft slipped 8% to \$26.50.



John Elliott: his IBH controls 38% of Foster's

The group wrote off A\$1.56bn (US\$1.19bn) in abnormal and extraordinary losses in 1989/90, leading to a loss of A\$1.26bn. It wrote off A\$277m in the following year, when the loss contracted to A\$43m, and a further

Woolworth takes stake in German retail group

By David Waller in Frankfurt

THE GERMAN arm of Woolworth, the US retail giant, has taken an indirect stake of 6.25 per cent in Herten, Germany's fourth largest retail group, for an undisclosed sum.

F. W. Woolworth, which operates 316 retail stores in Germany, is buying a 25 per cent stake in Deutsche Gesellschaft für Anlagenverwertung (Dagew), a holding company owning 25 per cent of Herten.

The remaining 75 per cent of Dagew is owned by Deutsche Bank, Germany's largest bank.

Woolworth said it regarded the holding as a long-term investment in the German department store sector, made

A\$120m in the first half of the current year.

Foster's has been disposing of non-brewing assets since 1990, under a recovery programme intended to re-establish the group as a pure brewing business.

However, it has been unable to dispose of non-core assets with a book value of A\$2.6bn, including finance assets valued at A\$1.6bn and agricultural and pastoral assets valued at more than A\$600m.

Analysts said much of the uncertainty in the group's shares was caused by the financial instability of International Brewing Holdings (IBH), a private company controlled by Mr John Elliott, which owns 38 per cent of Foster's.

IBH is due to submit a refinancing plan to its bankers later this month, and could be placed in liquidation later this year if no agreement is reached.

The company had forecast a pre-tax loss of Yen40m, but, until yesterday, was confident that an upturn in the Japanese economy in coming months would enable it to avoid a court filing.

About 2 per cent of the company's production was exported, and foreign investors hold about 0.6 per cent of its stocks.

• Nippon Housing Loan, Japan's top-ranked home loan institution, revised its current profit estimate downwards by 8.75 per cent to Yen70m from Yen8.0bn for the year ended March 1992. The company now estimates that it made a net after-tax loss of Yen4.9bn for the year, from a previously estimated Yen3.0bn profit.

The company had forecast a pre-tax loss of Yen40m, but, until yesterday, was confident that an upturn in the Japanese economy in coming months would enable it to avoid a court filing.

Hoare Govett is currently partly owned by BankAmerica, the US bank which merged with Security Pacific in April.

ABN Amro Bank, based in Amsterdam, signed a letter of intent this year to buy Hoare Govett from BankAmerica.

Lec fails after stock market collapse

By Robert Thomson in Tokyo

LEC, maker of bathroom products and kitchenware, yesterday filed for protection with the Tokyo District Court, marking the first failure of a listed Japanese company since 1986.

The Tokyo-based company, with outstanding borrowings estimated at Yen5bn (\$158m), was apparently a victim of stock market speculation since its core business was profitable. But the stock market collapse had created huge appraisal losses.

Meanwhile, the Tokyo Stock Exchange, which suspended trading in the stock on Thursday, is investigating unusually large turnover of Lec shares earlier this week, and is also seeking information from the company on why it was not informed earlier about the filing.

Lec, listed on Tokyo's second section, is the first listed company to fail since Kokio Steel Works collapsed in August 1986, and its court application yesterday was seen as a symbol of the still serious financial problems facing some manufacturers who diversified into stock speculation.

The Lec failure also raises questions about the willingness of Japanese banks to prop up all of their troubled clients. Bank officials have indicated that they are willing to back traditional customers, unless those companies' problems stem from stock trading.

Founded in 1957 and listed in 1985, Lec is one of Japan's largest makers of plastic kitchenware, bronze sculptures, candle stands and bathroom goods. Sales for the fiscal year just ended were forecast to rise about 35 per cent to Yen30bn, but revenue was not enough to cover the appraisal losses and depreciation charges.

The company had forecast a pre-tax loss of Yen40m, but, until yesterday, was confident that an upturn in the Japanese economy in coming months would enable it to avoid a court filing.

Hoare Govett started its Tokyo securities operations in 1986. However, the prolonged slump in the Tokyo stock market has forced smaller foreign houses to close or scale down their operations, and Hoare Govett's closure of its Japanese equities operations follows houses such as Chase Manhattan Securities and BHF Securities.

Hoare Govett is currently partly owned by BankAmerica, the US bank which merged with Security Pacific in April.

ABN Amro Bank, based in Amsterdam, signed a letter of intent this year to buy Hoare Govett from BankAmerica.

State to take control at Nordbanken

By Robert Taylor
in Stockholm

THE Swedish government is taking full control of Nordbanken, the country's second largest commercial bank, in a SKr20bn (\$3.36bn) rescue operation.

The state's intervention is designed to save Nordbanken from possible collapse due to mounting credit losses and to help the bank's restructuring in preparation for its rapid privatisation.

Under the proposed changes Nordbanken will be divided into two separate operations. Its normal commercial banking activities will continue while a newly formed subsidiary, Securum, with an initial SKr60bn balance sheet, will deal with

non-performing loans, property administration and other problem areas.

The state already owns 77.3 per cent of Nordbanken. Yesterday the bank's other main shareholder - Nobel Industries - said it had accepted the offer of SKr21 a share for its 12.6 per cent of Nordbanken. The total cost of acquiring the outstanding shares is estimated to be around SKr22bn.

The government's move stems from the continuing deterioration in Nordbanken's finances. This year alone its credit losses - due to a persistently weak property and finance market - are expected to rise to between SKr6bn and SKr8bn.

The bank said as a result it would not be able to the

autumn to maintain an adequate capital adequacy ratio despite last October's move by the state to subscribe for and guarantee a SKr5.2bn new share issue. For 1991 Nordbanken made a SKr6.5bn loss.

Mr Bjorn Wahlstrom, Nordbanken chairman, said yesterday that the only alternative to state intervention would have been a dramatic contraction and a drastic fall in the valuation of the bank.

The bank said the SKr20bn rescue package will cover guarantees, loans, capital injections and other measures needed for the financing of Securum.

The Ministry of Finance said its proposal would ensure Nordbanken could grow into a stable bank with a strong capital base and good level of profitability.

Fried. Krupp forecasts decline

By Christopher Parkes
in Bonn

FRIED. KRUPP, the German steel, engineering and trading group shortly to be merged with Hoechst, its former rival, is expecting a drop in both sales and profits this year despite a 4 per cent increase in orders in the first quarter, Mr Gerhard Cromme, chairman, said yesterday.

An expected strike among members of the IG Metall metal-working union will also take its toll, mainly in the machinery divisions, he added.

Confirming a 2 per cent increase in sales last year to DM45.5bn (\$9bn) and a 2 per cent drop in orders, he said pre-tax profits for last year totalled DM4.17bn. Net earnings rose DM85m to DM3.6bn.

Mr Cromme, who claimed that "restructuring and rehabilitation" of the group, started in 1988, was virtually completed last year, also warned of unspecified "pinching" in addition to the 1,800 job losses directly related to the Hoechst merger.

Early orders, totalling DM3.5bn in the first quarter, could not be read as a reliable indicator of overall prospects.

"The steel sector is confronted with a difficult situation with prices for some products at 1980 levels," he said. "This price slump cannot be offset even by the extensive rationalisation of recent years and the ongoing structural measures."

• ADN, the financially stretched former state press agency of communist East Germany, has been taken over by the west German domestic news service DDP, Reuters reports from Berlin.

Petrofina sees 'marked drop'

By Andrew Hill in Brussels

PETROFINA, the Belgian oil, gas and petrochemicals group, is likely to suffer a "marked drop" in profits in the first half of 1992, its chief executive warned yesterday.

Mr Francois Cornélis told shareholders that although medium-term forecasts on the company's different activities were good, short-term improvements would depend on an increase in the price of gas in the US, improved refining margins and the absorption of excess capacity in the

petrochemicals sector.

Speaking before the shareholders' meeting, Mr Cornélis also confirmed that Petrofina, Belgium's largest industrial group, was well-positioned for the future, and he placed particular emphasis on the likely impact of the BFr22bn investment to improve the efficiency of Petrofina's Antwerp refinery.

From the middle of 1994, [the investment] ought to put our refinery at the leading edge of our business in terms of added value oil products and the environment," he told shareholders.

Hoare Govett arm to close Tokyo office

By Emiko Terazawa in Tokyo

HOARE GOVETT Japan, the Japanese arm of the London-based broker, will close its Tokyo branch, becoming the seventh foreign-affiliated brokerage to withdraw from Tokyo.

The sluggish Tokyo stock market forced Hoare Govett to close down its Japanese equities operation last March.

Hoare Govett started its Tokyo securities operations in 1986. However, the prolonged slump in the Tokyo stock market has forced smaller foreign houses to close or scale down their operations, and Hoare Govett's closure of its Japanese equities operations follows houses such as Chase Manhattan Securities and BHF Securities.

Hoare Govett is currently partly owned by BankAmerica, the US bank which merged with Security Pacific in April.

ABN Amro Bank, based in Amsterdam, signed a letter of intent this year to buy Hoare Govett from BankAmerica.

Corporacion Banesto accounts qualified

IN December 1991, BII was wound up and its liabilities taken over by the Corporation, producing a loss of Pts6.75bn (\$955m), part of which corresponds to the 1990 fiscal year.

The auditors' report says that "given the financial situation of BII at December 1990 the consolidated accounts of (the Corporation) to that date should have included a provision for the potential losses that existed".

It said the relevant provision in 1991 should have been presented as "results from previous years" in the profit and loss account for that year.

BII's assets consisted of 972,168 Carburos Metálicos shares and an option on 841,666 additional shares in the same company.

It added that with tax inspections pending for the past five years, it was impossible to quantify the company's tax liability.

Corporacion made a 1991 pre-tax profit of Pta2.75bn after provisions of Pta28.4bn.

Chicago

SOYABEAN 5,000 bu min/cent/bushel

Closes Previous High/Low

May 5884 5932 5880 5856

Jun 5884 5932 5880 5856

Jul 5884 5932 5880 5856

Aug 5884 5932 5880 5856

Sep 5884 5932 5880 5856

Oct 5884 5932 5880 5856

Nov 5884 5932 5880 5856

Dec 5884 5932 5880 5856

Jan 5884 5932 5880 5856

Feb 5884 5932 5880 5856

Mar 5884 5932 5880 5856

Apr 5884 5932 5880 5856

May 5884 5932 5880 5856

JUN 5884 5932 5880 5856

July 5884 5932 5880 5856

Aug 5884 5932 5880 5856

Sep 5884 5932 5880 5856

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Nov 5884

LONDON STOCK EXCHANGE

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange TaliSystem system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the date of the previous business in the four previous days is given with the relevant date.

Rule 53(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

Exchange of the United Kingdom and the Republic of Ireland Ltd.

£ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc

No. of bargains included 5367

Exchequer 10% Lst Strk - £100m

(My92)

Government Export Finance Corp PLC

12½% Ord Lst Strk 2002(Reg) - £210m

Corporation and County Stocks

No. of bargains included 1

Birmingham Corp 5½% Lst Strk (1992 after)

- £25 (My92)

Bristol City Corp 11½% Red Strk 2008 - £108

(My92)

London Corp 13½% Red Strk 2006

- £121 (My92)

Manchester City 11½% Red Strk 2007 -

£110 (My92)

Newham London Borough 11½% Red Strk 2017 - £10 (My92)

UK Public Boards

No. of bargains included 78

Agricultural Mortgage Corp PLC 6½% Deb

Strk 2024 - £307m (My92)

7½% Disc 81/2% Lst Strk 2005 - £381

(My92)

Metropolitan Water Metropolitan Water 3%

Ast 63/2003 - £57 (My92)

Foreign Stocks, Bonds, etc-(coupons payable in London)

No. of bargains included 78

Ireland Republic 9½% Lst Strk 1988 -

£95 (My92)

Austria Austria 9½% Lst Strk 1993 -

£104½ (My92)

Associated British Ports Hdg N.V.C. Ord 10%

Subord Gtd Bds 2002 (Fr. & Var) -

E101½

Associated British Ports Hdg N.V.C. Ord 2002 -

E12½%

Associated British Ports Hdg N.V.C. Ord 2000 -

£50 (My92)

Bank National Savings Capital PLC 10%

Subord Gtd Bds 2002 (Fr. & Var) -

E101½

Argentina Argentina 11½% Red Strk 2002

- £108 (My92)

Argentina Argentina 11½% Red Strk 2003

- £108 (My92)

Argentina Argentina 11½% Red Strk 2004

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- £108 (My92)

Argentina Argentina 11½% Red Strk 2060</

- Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts											
Compiled with the assistance of Lautro S\$											
HISTORIC PRICING: The after H denotes the date on which the unit price is calculated. The date on which the unit price is calculated is indicated in the table below.											
INITIAL CHARGE: Charge made on sale of units. Used to cover administration and administrative expenses. This charge is included in the price of units.											
OFFER PRICE: Also called issue price. The price at which units are bought by investors.											
BID PRICE: Also called redemption price. The price at which units are sold back by investors.											
CANCELLATION PRICE: The minimum redemption price. The minimum agreed between the offer and bid price is determined by a formula laid down by the government, to provide most and best protection against a market overreaction. As a result, the bid price is often set above the cancellation price. However, the bid price might be reduced to the cancellation price by the managers if there is a large excess of units of which buyers are not interested.											
FORWARD PRICING: The later H denotes the date on which the unit price is calculated. The date on which the unit price is calculated is indicated in the table below.											
REPORTS: The most recent annual and accounts can be obtained free of charge from fund managers.											
OTHER INFORMATION: Other explanatory notes are contained in the last column of the FT Managed Funds Service.											
INVESTMENT FUND MANAGERS: The names of the fund managers are the names of the unit trust's managers. They are also the fund managers by the investment funds which are referred to their name.											
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FT MANAGED FUNDS SERVICE

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Unit Price	Offer Price	Yield Gross	Unit Price	Offer Price	Yield Gross	Unit Price	Offer Price	Yield Gross	Unit Price	Offer Price	Yield Gross	Unit Price	Offer Price	Yield Gross	Unit Price	Offer Price	Yield Gross	Unit Price	Offer Price	Yield Gross		
Norwich Union Life Insurance Soc-Certif.			President Mutual Life Assc Assc - Contd.			Scotia Amicable			Sun Alliance Group			Wileyway Assurance Society			Prudential Capital International Ltd			J. D. Ward Financial Services Ltd			Rathkeale Asset Management - Corp	
Broadbeam A Inst-Joint Prod*	499.5	499.5	Perpetual Mutual Fund	121.2	121.2	Standard Life	121.2	121.2	St Mary's Court Horizon	0403 232323	0403 232323	St Paul's	150.1	150.1	Prudential First Mortg	150.1	150.1	DCP Ltd	150.00	150.00	DCP Ltd	150.00
Mines Fund	178.2	178.2	Prudential Fund	121.2	121.2	State Fund	121.2	121.2	St Paul's Court Horizon	150.1	150.1	Prudential Mortg	150.1	150.1	Prudential Mortg	150.1	150.1	DCP Mortg	150.00	150.00	DCP Mortg	150.00
International Fund	178.2	178.2	Prudential Fund	121.2	121.2	Standard Fund	121.2	121.2	St Paul's Court Horizon	150.1	150.1	Prudential Mortg	150.1	150.1	Prudential Mortg	150.1	150.1	DCP Mortg	150.00	150.00	DCP Mortg	150.00
Property Fund	121.2	121.2	Prudential Fund	121.2	121.2	State Fund	121.2	121.2	St Paul's Court Horizon	150.1	150.1	Prudential Mortg	150.1	150.1	Prudential Mortg	150.1	150.1	DCP Mortg	150.00	150.00	DCP Mortg	150.00
Income Fund	121.2	121.2	Prudential Fund	121.2	121.2	Standard Fund	121.2	121.2	St Paul's Court Horizon	150.1	150.1	Prudential Mortg	150.1	150.1	Prudential Mortg	150.1	150.1	DCP Mortg	150.00	150.00	DCP Mortg	150.00
Inter-Listed Soc Fund	121.2	121.2	Prudential Fund	121.2	121.2	State Fund	121.2	121.2	St Paul's Court Horizon	150.1	150.1	Prudential Mortg	150.1	150.1	Prudential Mortg	150.1	150.1	DCP Mortg	150.00	150.00	DCP Mortg	150.00
Dividend Fund	121.2	121.2	Prudential Fund	121.2	121.2	Standard Fund	121.2	121.2	St Paul's Court Horizon	150.1	150.1	Prudential Mortg	150.1	150.1	Prudential Mortg	150.1	150.1	DCP Mortg	150.00	150.00	DCP Mortg	150.00
Revenue Plus Ass 22	121.2	121.2	Prudential Fund	121.2	121.2	State Fund	121.2	121.2	St Paul's Court Horizon	150.1	150.1	Prudential Mortg	150.1	150.1	Prudential Mortg	150.1	150.1	DCP Mortg	150.00	150.00	DCP Mortg	150.00
Jersey Investment Plan			Prudential Fund	121.2	121.2	Standard Fund	121.2	121.2	St Paul's Court Horizon	150.1	150.1	Prudential Mortg	150.1	150.1	Prudential Mortg	150.1	150.1	DCP Mortg	150.00	150.00	DCP Mortg	150.00
WPA Prudential Fund	121.2	121.2	Prudential Fund	121.2	121.2	State Fund	121.2	121.2	St Paul's Court Horizon	150.1	150.1	Prudential Mortg	150.1	150.1	Prudential Mortg	150.1	150.1	DCP Mortg	150.00	150.00	DCP Mortg	150.00
Int'l Bond Fund	121.2	121.2	Prudential Fund	121.2	121.2	Standard Fund	121.2	121.2	St Paul's Court Horizon	150.1	150.1	Prudential Mortg	150.1	150.1	Prudential Mortg	150.1	150.1	DCP Mortg	150.00	150.00	DCP Mortg	150.00
Harvey Union Pension Management Ltd	121.2	121.2	Prudential Fund	121.2	121.2	State Fund	121.2	121.2	St Paul's Court Horizon	150.1	150.1	Prudential Mortg	150.1	150.1	Prudential Mortg	150.1	150.1	DCP Mortg	150.00	150.00	DCP Mortg	150.00
Service Fund	121.2	121.2	Prudential Fund	121.2	121.2	Standard Fund	121.2	121.2	St Paul's Court Horizon	150.1	150.1	Prudential Mortg	150.1	150.1	Prudential Mortg	150.1	150.1	DCP Mortg	150.00	150.00	DCP Mortg	150.00
Retirement Fund	121.2	121.2	Prudential Fund	121.2	121.2	State Fund	121.2	121.2	St Paul's Court Horizon	150.1	150.1	Prudential Mortg	150.1	150.1	Prudential Mortg	150.1	150.1	DCP Mortg	150.00	150.00	DCP Mortg	150.00
Retirement Fund	121.2	121.2	Prudential Fund	121.2	121.2	Standard Fund	121.2	121.2	St Paul's Court Horizon	150.1	150.1	Prudential Mortg	150.1	150.1	Prudential Mortg	150.1	150.1	DCP Mortg	150.00	150.00	DCP Mortg	150.00
Retirement Fund	121.2	121.2	Prudential Fund	121.2	121.2	State Fund	121.2	121.2	St Paul's Court Horizon	150.1	150.1	Prudential Mortg	150.1	150.1	Prudential Mortg	150.1	150.1	DCP Mortg	150.00	150.00	DCP Mortg	150.00
Retirement Fund	121.2	121.2	Prudential Fund	121.2	121.2	Standard Fund	121.2	121.2	St Paul's Court Horizon	150.1	150.1	Prudential Mortg	150.1	150.1	Prudential Mortg	150.1	150.1	DCP Mortg	150.00	150.00	DCP Mortg	150.00
Retirement Fund	121.2	121.2	Prudential Fund	121.2	121.2	State Fund	121.2	121.2	St Paul's Court Horizon	150.1	150.1	Prudential Mortg	150.1	150.1	Prudential Mortg	150.1	150.1	DCP Mortg	150.00	150.00	DCP Mortg	150.00
Retirement Fund	121.2	121.2	Prudential Fund	121.2	121.2	Standard Fund	121.2	121.2	St Paul's Court Horizon	150.1	150.1	Prudential Mortg	150.1	150.1	Prudential Mortg	150.1	150.1	DCP Mortg	150.00	150.00	DCP Mortg	150.00
Retirement Fund	121.2	121.2	Prudential Fund	121.2	121.2	State Fund	121.2	121.2	St Paul's Court Horizon	150.1	150.1	Prudential Mortg	150.1	150.1	Prudential Mortg	150.1	150.1	DCP Mortg	150.00	150.00	DCP Mortg	150.00
Retirement Fund	121.2	121.2	Prudential Fund	121.2	121.2	Standard Fund	121.2	121.2	St Paul's Court Horizon	150.1	150.1	Prudential Mortg	150.1	150.1	Prudential Mortg	150.1	150.1	DCP Mortg	150.00	150.00	DCP Mortg	150.00
Retirement Fund	121.2	121.2	Prudential Fund	121.2	121.2	State Fund	121.2	121.2	St Paul's Court Horizon	150.1	150.1	Prudential Mortg	150.1	150.1	Prudential Mortg	150.1	150.1	DCP Mortg	150.00	150.00	DCP Mortg	150.00
Retirement Fund	121.2	121.2	Prudential Fund	121.2	121.2	Standard Fund	121.2	121.2	St Paul's Court Horizon	150.1	150.1	Prudential Mortg	150.1	150.1	Prudential Mortg	150.1	150.1	DCP Mortg	150.00	150.00	DCP Mortg	150.00
Retirement Fund	121.2	121.2	Prudential Fund	121.2	121.2	State Fund	121.2	121.2	St Paul's Court Horizon	150.1	150.1	Prudential Mortg	150.1	150.1	Prudential Mortg	150.1	150.1	DCP Mortg	150.00	150.00	DCP Mortg	150.00
Retirement Fund	121.2	121.2	Prudential Fund	121.2	121.2	Standard Fund	121.2	121.2	St Paul's Court Horizon	150.1	150.1	Prudential Mortg	150.1	150.1	Prudential Mortg	150.1	150.1	DCP Mortg	150.00	150.00	DCP Mortg	150.00
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Retirement Fund	121.2	121.2	Prudential Fund	121.2	121.2	State Fund	121.2	121.2	St Paul's Court Horizon	150.1	150.1	Prudential Mortg	150.1	150.1	Prudential Mortg	150.1	150.1	DCP Mortg	150.00	150.00	DCP Mortg	150.00
Retirement Fund	121.2	121.2	Prudential Fund	121.2	121.2	Standard Fund	121.2	121.2	St Paul's Court Horizon	150.1	150.1	Prudential Mortg	150.1	150.1	Prudential Mortg	150.1	150.1	DCP Mortg	150.00	150.00	DCP Mortg	150.00
Retirement Fund	121.2	121.2	Prudential Fund	121.2	121.2	State Fund	121.2	121.2	St Paul's Court Horizon	150.1	150.1	Prudential Mortg	150.1									

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WORLD STOCK MARKETS

US MARKETS (3:00 pm)

	May 8	USS	+ or -	May 8	USS	+ or -	May 8	USS	+ or -	May 8	U.S.	+ or -	May 8	U.S.	+ or -	May 8	U.S.	+ or -			
AAR Corp	124	-1		Cooper Inds	181	-14	Kern-McGett	324	-4	Promer Indl	343	-	Walco Oil	350	-10	Agfa-Gevaert	480	-	DLW	563	-10
AMP Inc	624	-1		Covertech Fm	49	-1	Kerr-McGee	324	-4	Price Co	324	-	Boehringer-B	314	-10	Deutsche Presse	354	-10			
AMR Corp	154	-1		Corning Inc	305	-1	Kimberly-Clark	525	-2	Primerica	405	-	Bongrain	3180	-	AFCON	125	-10			
AMT	1	-		Comcast Corp	25	-1	Kirkland Mfg	1,025	-	Procter & Gamble	405	-	Borg-Warner	1,254	-	Procelta F & Free	205	-			
Abbott Labs	665	-1		Cox	10	-	Kirkland Mfg	211	-	Primerica	405	-	Deutsche Presse	357	-50	Sandvik F & Free	395	-			
Acme Cleveland	7	-		Cray Research	30	-	Kirkland Mfg	211	-	Prudential Life B	234	-	Deutsche Presse	357	-50	AMEV Del Per	51	-10			
Adobe Res	-	-		Cross Corp & Seal	16	-	Kirkland Mfg	211	-	Radian Corp	293	-	Deutsche Presse	357	-50	AMEV Del Per	51	-10			
Admiral Marine	18	-		Cutter Corp	10	-	Kirkland Mfg	211	-	Prudential Life B	234	-	Deutsche Presse	357	-50	AMEV Del Per	51	-10			
Actus Life	41	-		Cutter Corp	32	-	Kirkland Mfg	211	-	Radian Corp	293	-	Deutsche Presse	357	-50	AMEV Del Per	51	-10			
Affiliated Pur	11	-		Cyprus Minerals	24	-	Kirkland Mfg	211	-	Pub Serv E G	27	-	Deutsche Presse	357	-50	AMEV Del Per	51	-10			
Alfacor	14	-		Cyprus Minerals	24	-	Kirkland Mfg	211	-	Pub Serv E G	27	-	Deutsche Presse	357	-50	AMEV Del Per	51	-10			
Almar (HFI)	17	-		DAC Commun	450	-0.13	Kirkland Mfg	211	-	Pub Serv E G	27	-	Deutsche Presse	357	-50	AMEV Del Per	51	-10			
Alvast F & C	47	-		DAC Commun	450	-0.13	Kirkland Mfg	211	-	Pub Serv E G	27	-	Deutsche Presse	357	-50	AMEV Del Per	51	-10			
Alberto-Culver	24	-		DAC Commun	450	-0.13	Kirkland Mfg	211	-	Pub Serv E G	27	-	Deutsche Presse	357	-50	AMEV Del Per	51	-10			
Albertson's	1	-		DAC Commun	450	-0.13	Kirkland Mfg	211	-	Pub Serv E G	27	-	Deutsche Presse	357	-50	AMEV Del Per	51	-10			
Alcatel	20	-		DAC Commun	450	-0.13	Kirkland Mfg	211	-	Pub Serv E G	27	-	Deutsche Presse	357	-50	AMEV Del Per	51	-10			
Alcatel Standard	40	-		DAC Commun	450	-0.13	Kirkland Mfg	211	-	Pub Serv E G	27	-	Deutsche Presse	357	-50	AMEV Del Per	51	-10			
Alexander & Alex	19	-		DAC Commun	450	-0.13	Kirkland Mfg	211	-	Pub Serv E G	27	-	Deutsche Presse	357	-50	AMEV Del Per	51	-10			
Allegis Power	43	-		DAC Commun	450	-0.13	Kirkland Mfg	211	-	Pub Serv E G	27	-	Deutsche Presse	357	-50	AMEV Del Per	51	-10			
Alitell Syst	58	-		DAC Commun	450	-0.13	Kirkland Mfg	211	-	Pub Serv E G	27	-	Deutsche Presse	357	-50	AMEV Del Per	51	-10			
Almetra Com	75	-1		DAC Commun	450	-0.13	Kirkland Mfg	211	-	Pub Serv E G	27	-	Deutsche Presse	357	-50	AMEV Del Per	51	-10			
Altel Corp	17	-		DAC Commun	450	-0.13	Kirkland Mfg	211	-	Pub Serv E G	27	-	Deutsche Presse	357	-50	AMEV Del Per	51	-10			
Altel Corp	17	-		DAC Commun	450	-0.13	Kirkland Mfg	211	-	Pub Serv E G	27	-	Deutsche Presse	357	-50	AMEV Del Per	51	-10			
Altel Corp	17	-		DAC Commun	450	-0.13	Kirkland Mfg	211	-	Pub Serv E G	27	-	Deutsche Presse	357	-50	AMEV Del Per	51	-10			
Altel Corp	17	-		DAC Commun	450	-0.13	Kirkland Mfg	211	-	Pub Serv E G	27	-	Deutsche Presse	357	-50	AMEV Del Per	51	-10			
Altel Corp	17	-		DAC Commun	450	-0.13	Kirkland Mfg	211	-	Pub Serv E G	27	-	Deutsche Presse	357	-50	AMEV Del Per	51	-10			
Altel Corp	17	-		DAC Commun	450	-0.13	Kirkland Mfg	211	-	Pub Serv E G	27	-	Deutsche Presse	357	-50	AMEV Del Per	51	-10			
Altel Corp	17	-		DAC Commun	450	-0.13	Kirkland Mfg	211	-	Pub Serv E G	27	-	Deutsche Presse	357	-50	AMEV Del Per	51	-10			
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Altel Corp	17	-		DAC Commun	450	-0.13	Kirkland Mfg	211	-	Pub Serv E G	27	-	Deutsche Presse	357	-50	AMEV Del Per	51	-10			
Altel Corp	17	-		DAC Commun	450	-0.13	Kirkland Mfg	211	-	Pub Serv E G	27	-	Deutsche Presse	357	-50	AMEV Del Per	51	-10			
Altel Corp	17	-		DAC Commun	450	-0.13	Kirkland Mfg	211	-	Pub Serv E G	27	-	Deutsche Presse	357	-50	AMEV Del Per	51	-10			
Altel Corp	17	-		DAC Commun	450	-0.13	Kirkland Mfg	211	-	Pub Serv E G	27	-	Deutsche Presse	357	-50	AMEV Del Per	51	-10			
Altel Corp	17	-		DAC Commun	450	-0.13	Kirkland Mfg	211	-	Pub Serv E G	27	-	Deutsche Presse	357	-50	AMEV Del Per	51	-10			
Altel Corp	17	-		DAC Commun	450	-0.13	Kirkland Mfg	211	-	Pub Serv E G	27	-	Deutsche Presse	357	-50	AMEV Del Per	51	-10			
Altel Corp	17	-		DAC Commun	450	-0.13	Kirkland Mfg	211	-	Pub Serv E G	27	-	Deutsche Presse	357	-50	AMEV Del Per	51	-10			
Altel Corp	17	-		DAC Commun	450	-0.13	Kirkland Mfg	211	-	Pub Serv E G	27	-	Deutsche Presse	357	-50	AMEV Del Per	51	-10			
Altel Corp	17	-		DAC Commun	450	-0.13	Kirkland Mfg	211	-	Pub Serv E G	27	-	Deutsche Presse	357	-50	AMEV Del Per	51	-10			
Altel Corp	17	-		DAC Commun	450	-0.13	Kirkland Mfg	211	-	Pub Serv E G	27	-	Deutsche Presse	357	-50	AMEV Del Per	51	-10			
Altel Corp	17	-		DAC Commun	450	-0.13	Kirkland Mfg	211	-	Pub Serv E G	27	-	Deutsche Presse	357	-50	AMEV Del Per	51	-10			
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Altel Corp	17	-		DAC Commun	450	-0.13	Kirkland Mfg	211	-	Pub Serv E G	27	-	Deutsche Presse	357	-50	AMEV Del Per	51	-10			
Altel Corp</td																					

AMERICA

Dow subdued as rate cut hopes fade

Wall Street

US EQUITIES traded in a narrow range as stronger payroll figures for April dampened hopes that the Federal Reserve would make an early cut in interest rates, writes Karen Zager in New York.

At 1pm, the Dow Jones Industrial Average was up 0.85 higher at 3,373.32 on paltry turnover of less than 106m shares. Advancing broadly equalled declining issues at mid-session. The Standard & Poor's 500 was 0.60 higher at 416.45 and the Nasdaq composite eased 0.26 to 3,363.30. On Thursday, the Dow closed 5.04 lower at 3,363.32.

Evidence of a slow but

steady economic recovery was provided by the employment report for April, which showed an increase in non-farm payrolls of 126,000, considerably above most predictions. The civilian unemployment rate fell to 7.2 per cent from 7.3 per cent and the March non-payroll increase was revised to 39,000 from 18,000.

The employment report stoked speculation that the Federal Reserve would ease monetary policy. Yesterday the Fed signalled that its policy was on hold by arranging \$1.5bn of customer repurchase agreements. The operation, which adds reserves to the banking system, occurred when Fed Funds were trading at 3% per cent, the Fed's perceived target

for the rate. Pinelandia soared 5% to \$17.12 in active trading on reports that the New Jersey-based television station operator had accepted a takeover offer of \$18 a share from Christ-Craft Industries. Shares in Christ-Craft increased 3% to \$26.

Trading was heavy in a number of blue chip stocks including Boeing, unchanged at \$44.44, IBM, up 0.4% to \$35.44 and Chase Manhattan, up 0.4% to \$29.44.

Liz Claiborne rose 1% to \$27.42 after the apparel company said it had offered to buy the operating assets of Russ Togs, which is operating under protection of Chapter 11 of the bankruptcy code.

Transco Energy climbed 1% to \$13.74 after the natural gas and coal producer said it expects to take a first quarter

reversal of its previous day's losses with the Dow Jones Transportation Average climbing 10.09 to 1,405.08 at 12.30 pm. Airline issues were mixed, with AMR, parent of American Airlines, up 5% to \$25.44, Delta Air Lines adding \$4 to \$22 and USAir, parent of United Airlines off 3% to \$24.24.

Railroad stocks, which contributed to the average's decline on Thursday, turned higher. Burlington Northern added 1% to \$45.45, Norfolk Southern rose 0.5% to \$34.45 and Consolidated Rail firmed 1% to \$31.45.

Transco Energy climbed 1% to \$13.74 after the natural gas and coal producer said it expects to take a first quarter

charge of 66 cents a share to settle a lawsuit with Global Marine.

In over-the-counter trading, Sun Microsystems improved 3% to \$30.44 after an analyst at Morgan Stanley upgraded his rating on the stock to "buy" from "hold".

American Funeral Services was quoted at \$10.40. An initial public offering of 1.8m shares was priced at \$10 a share.

Canada

TORONTO was higher at mid-session following a rise in US bond prices. The TSX 300 composite index rose 16.2 to 3,375.1. Advances led declines 218 to 172 in volume of 14.2m shares valued at C\$84.9m.

When small can be not quite so beautiful

Patrick Harverson charts current disillusion in the US with hard-hit biotech and healthcare stocks

WHAT IS wrong with small stocks? While the Dow Jones industrials and the broad market S&P indices have hovered around record highs, indicators of smaller stocks have displayed a marked under-performance in recent months.

Since posting a record high of \$64.82 on February 12, the Nasdaq composite index of over-the-counter stocks, which includes a lot of small-sized companies, has fallen just over 9 per cent, closing at \$57.16 on Thursday.

Centocor's problems highlight the risks investors face when buying stock in biotech companies whose future may rest on one product, or an indices rebased

for creating septic shock produced by Centocor, whose stock plunged from its high this year of \$60 to \$12 on news of the decision.

Analysts had talked of potential sales of about \$1bn for Centocor, and the FDA's refusal to approve it was a big blow not just to Centocor, but to the entire sector, as expectations that other drugs would be approved were dashed by talk that the FDA was taking a tougher line.

Centocor's problems highlight the risks investors face when buying stock in biotech companies whose future may rest on one product, or an

indices rebased

for creating septic shock produced by Centocor, whose stock plunged from its high this year of \$60 to \$12 on news of the decision.

Health has been one of the biggest topics in the presidential debate so far, and there is concern in the market that after the election the victorious candidate might push sweeping health reforms through Congress.

The problems of the biotech and healthcare sectors has inevitably impacted on the market for initial public offerings (IPOs). Between January 1990 and the end of the first quarter this year an estimated \$1.75bn was raised through over 50 biotech IPOs as new and emerging companies rushed to take advantage of the heavy demand from investors for biotech stocks. But in recent weeks several planned IPOs have been shelved because of the sudden absence of buyers.

The under-performance of small stock indices has also been caused by a switch of funds into low-priced cyclical stocks. The high p/e ratios on many growth stocks in the Nasdaq composite and the Russell 2000 at the start of the year had set off alarm bells for some investors, who began selling out of small growth stocks and into cyclical broader market stocks.

To investors, the recovering economy made cyclicals, whose earnings tend to move in line with the economic cycle, look more attractive than emerging growth stocks, whose earnings are more unreliable.

As for small value stocks, which can look slow and unexciting but which usually produce a steady return over the long term, they offer a safe haven with strong defensive qualities for investors tired of the roller-coaster ride of biotechs.

At the same time the more experienced investors were getting out because price/earnings ratios and technical charts were telling them that the sector had peaked and was heading for a substantial correction.

results. Volvo B jumped SKr9 to SKr445 on hopes of an early merger with Renault.

BRUSSELS ended off the day's highs after hectic trading led by Petrofina, which rose 1.5 per cent. Petrofina ended up 8.9% to SF115.68, accounting for half the day's volume of SF12. The Bel-20 index added 13.0% to 1,211.36, up 1.6 per cent on the week.

Takeover rumours sent Balize Insurance registered shares up SF90 to SF124.30.

STOCKHOLM recovered most of its losses caused by news that the government had been forced to bail out Nordbanken. The Affarsindex general index rose 1.8 to 1,003.7, up 2.9 per cent on the week, as turnover reached SF1.63m from SF1.90.

Schering continued to weaken following poor first quarter figures earlier in the week, closing down DM15 or 10 per cent at DM278. Hoechst lost 80 pfq to DM254 on news that Petrofina was negotiating to buy its US polyethylene plant.

MUNICH staggered under the increasing weight of rights issues, following Thursday's late announcement from the insurer Ras and fellow insurer Asitalia's similar news yesterday morning. However, the market got some support from Fiat and Montedison. Dealers

were perplexed by the bad timing of the rights issues, given the poor sentiment in the market, as well as the lack of explanation as to why the funds were needed. The Commit index fell 4.0% to 493.33, down 1.9 per cent on the week, in turnover estimated at DM1.8m after Thursday's close.

Hoechst, which resumed trading after Thursday's suspension, dropped DM1.60 or 9.7 per cent to DM1.50 in heavy volume of 876,300 shares. Dealers said the price was hit by one large seller from London, and that there was no sign that Ras had stepped in to defend its share price. Its savings shares were suspended twice because of the excessive weakness and failed to be officially closed in spite of three attempts. It was quoted as low as DM1.750, compared with DM1.260 before the announcement.

Fiat fell DM5 to DM1.35 but rebounded to DM1.50, supported by the market's good industry day. Montedison eased DM1 to DM1.45 but firmed to DM1.49 later in the session. Dealers said there was interest in the market for Montedison might sell all or part of its US operations.

ZURICH rose on foreign buying of blue chips. The SMI Index rose 12.3 to 1,949.1, a 3.6 per cent gain on the week.

Among banks, UBS registered shares gained SF15 to SF1.30 while its bearers were SF1.90.

Takeover rumours sent Balize Insurance registered shares up SF90 to SF124.30.

The publishing sector was strong on a positive report by ABN Amro Bank. VNU rose 70 cents to F150.50, but off an intraday year's high of F151.50. Elsevier advanced 50 cents to F111.50 and Wolters Kluwer closed a net 30 cents higher at F17.60 after going ex-dividend at F17.50.

MADEID's general index

rose 3.45 to 254.91 for a 2.48 per cent rise on the week.

SOUTH AFRICA

JOHANNESBURG staged a late rally, boosted by a strong bullion price. The gold index gained 3 to 1,075 while the overall index firmed 1.6 to 1,603. Industrials advanced 2.1 to 4,482. Vaal Reeds improved R3 to R182.

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MADEID's general index

BCCI's UK-based creditors to reject settlement

By Alan Friedman in New York and Richard Donkin in London

BRITISH-BASED creditors of the collapsed Bank of Credit and Commerce International are to reject as inadequate the \$1.7bn (£960m) settlement negotiated between the liquidator and the majority shareholder.

Rejection of the deal, to be put before the High Court in London on Monday, was formally agreed on Thursday at a meeting of creditors representing British depositors after they received independent legal advice.

Private criticism of the deal had been building up among creditors for some time. Officials involved in the BCCI settlement say the High Court may simply open its hearing and then adjourn it in order to avoid having to make an immediate ruling.

The creditors' stance will pose a dilemma for Sir Donald Nichols, the vice-chancellor, who is presiding over the BCCI settlement hearings. The views of creditors would be expected to carry substantial weight in any court decision.

It could also mark a defeat for Mr Brian Smouha, the Touche Ross partner in charge of the BCCI liquidation, who has placed much of his personal prestige on the proposed deal.

At the heart of creditors' objections is the view that the government of Abu Dhabi, the majority shareholder of BCCI, should have far more responsibility to creditors than Mr Smouha's deal provides. The Smouha/Abu Dhabi deal would offer creditors only 30 to 40 cents on the dollar.

The creditors are arguing that liquidators should not give up their claims under \$3.06bn of promissory notes issued by Abu Dhabi last year when the bank was carrying out a restructuring programme. They are also unhappy at having to sign over all legal rights to claim against the majority shareholders.

The likely rejection was foreseen earlier this week in a letter to the BCCI creditors committee from the Faisal Islamic Bank of Egypt and three other Arab creditor banks, which opposed the proposed Smouha deal as inadequate.

Approval for the package in the High Court is an essential first step in a series of approvals needed in Luxembourg and the Cayman Islands. Finally the agreement would need the blessing of creditors representing 70 per cent of the \$10bn of liabilities identified to date.

The creditors' response was greeted with surprise in Abu Dhabi. The government there is awaiting the outcome of the hearing before preparing a response but is known to have put its faith in the liquidators' ability to steer the deal through the courts.

Hanson sells stake in ICI

Continued from Page 1

head of the group's US arm, the group last year appointed three new non-executive directors. It recently made Mr Derek Bonham group chief executive and Mr David Clarke deputy chairman of Hanson Industries in the US.

A financier close to Hanson said the group lost interest in developing its relationship with ICI after it became clear the pharmaceuticals company would neither contemplate a merger nor any joint ventures with Hanson.

The conglomerate decided to sell its ICI stake after it received the final dividend late last month as part of its programme to eliminate

Insurer in rescue talks following heavy losses

By Richard Lapper

MUNICIPAL MUTUAL, the UK's ninth largest general insurer, was yesterday in rescue talks with other insurers.

Municipal, which is owned by its policyholders and insures nine out of 10 local authorities in the UK, is talking to a UK and a continental European insurer about a possible transfer of its general business which generated net premium income of £572.3m in 1990.

Chairman Mr Maurice Stonefrost, admitted the company, formed in 1903, might well disappear as an independent entity. Any deal would represent the most important restructuring in the British general insurance market since the takeover of Cornhill by Germany's Allianz in 1988.

The talks began this week and are at an early stage. They follow heavy trading losses in the past two years which have cut Municipal's solvency margin – the yardstick measuring net assets as a percentage of non-life premium income – below the 30 per cent level regarded as adequate by industry regulators.

The company has been hit by rising claims on employers' and public liability policies and could have insufficient reserves to meet future claims on these policies, which often emerge many years after the policy is written.

Mr Stonefrost said that during 1990 and 1991 "claims experience was of a scale and nature much greater than had been anticipated or provided for".

The group has been badly hit by rising arson claims by schools – most of them the result of fires started by children. School arson claims in 1991 amounted to £57m, over three times the £18m recorded in 1987.

The company was especially hard hit by price competition as

it moved aggressively to reduce its dependence on its traditional local authority business. In 1990, it won a contract to write household and Gloucester Building Society on the basis of substantially lower premiums than its rivals.

Gross premiums income at Municipal Mutual and its operating subsidiary Municipal General rose from £425m in 1986 to £794m in 1990. The company also reduced its reliance on reinsurance, retaining more risks on its own books.

Municipal has already stopped some business because of concerns about its solvency. Last month, it transferred its commercial lines account to Groupe des Assurances Nationales – the French insurer which has plans to build a larger presence in the UK market – and sold its Australian subsidiary.

Municipal also needed to raise capital in order to develop recently established life and health insurance subsidiaries and, as a mutual, was unable to do so, Mr Stonefrost said. He said there had been a "sea change" among individuals prepared to take legal action.



President Bush waves goodbye to members of the California National Guard yesterday before leaving Los Angeles for Washington DC. He had spent two days in LA inspecting the damage done during last week's riots, which left many shops looted and burned.

BT plans to reward staff

Continued from Page 1

cuts. A recent internal survey of employee opinions found that 44 per cent of the 216,000-strong workforce were afraid of losing their jobs. Only a third of those who took part in the survey (more than a third refused to reply) were proud of the company.

BT, which says it expects to award thousands of the gifts, claims the scheme is a first. An entire industry revolves around the promotion of employee incentives, but prizes are normally won for sales performance or other easily-measurable achievements at BT."

In contrast, the BT scheme will reward staff who implement the company's set of five values: "Customer first, professionalism, respect for each other, working as a team, and continuous improvement."

The UCW is sceptical about how motivated staff will feel by the gifts.

The union said: "It may be a farce hope for BT that giving away trinkets can turn this appalling loss of morale around. Pictures in the brochures of smiling workers applauding a colleague being thanked by a manager are hardly likely to ring many bells with UCW members at BT."

CHIEF PRICE CHANGES YESTERDAY									
FRANKFURT (Dm)									
Pilsener	17 1/2	+ 5 1/2							
BMW	556	+ 8 1/2							
Goldschmidt	970	+ 10							
Porsche	500	+ 9							
Habitz Zem	940	- 14							
Hertz	250	- 12							
Schling	766	- 15							
New York (\$)									
Pilsener	25 1/2	+ 3							
Chase Manhattan	25 1/2	+ 4							
Dats	82 1/2	+ 1 1/2							
Lx Customs	37 1/2	+ 1 1/2							
Tokyo (Yen)									
Riess	1210	+ 10							
Karbo Inds	607	+ 47							
Skidkows	2000	+ 200							
TDF	310	+ 29							
Tahay Bank	415	+ 50							
Utak Express	555	+ 57							
Paris Closed	208	+ 17							

World Weather									
UK Today: Scotland and Northern Ireland will have a mixture of sunshine and showers. The sun will spread over England followed by brighter weather with showers. Outlook: Sunny periods and showers dying out on Monday.	10	12	14	16	18	20	22	24	26
Algeria	20	22	24	26	28	28	28	28	28
Angola	20	22	24	26	28	28	28	28	28
Argentina	20	22	24	26	28	28	28	28	28
Austria	20	22	24	26	28	28	28	28	28
Bahrain	27	29	31	33	35	35	35	35	35
Barbados	27	29	31	33	35	35	35	35	35
Belarus	20	22	24	26	28	28	28	28	28
Belgium	20	22	24	26	28	28	28	28	28
Bolivia	20	22	24	26	28	28	28	28	28
Bosnia	20	22	24	26	28	28	28	28	28
Bulgaria	20	22	24	26	28	28	28	28	28
Burma	20	22	24	26	28	28	28	28	28
Cambodia	20	22	24	26	28	28	28	28	28
Canada	20	22	24	26	28	28	28	28	28
Chile	20	22	24	26	28	28	28	28	28
China	20	22	24	26	28	28	28	28	28
Croatia	20	22	24	26	28	28	28	28	28
Cuba	20	22	24	26	28	28	28	28	28
Cyprus	20	22	24	26	28	28	28	28	28
Czechoslovakia	20	22	24	26	28	28	28	28	28
Denmark	20	22	24	26	28	28	28	28	28
Egypt	20	22	24	26	28	28	28	28	28
Finland	20	22	24	26	28	28	28	28	28
France	20	22	24	26	28	28	28	28	28
Germany	20	22	24	26	28	28	28	28	28
Greece	20	22	24	26	28	28	28	28	28
Hong Kong	20	22	24	26	28	28	28	28	28
Iceland	20	22	24	26	28	28	28	28	28
Ireland	20	22	24	26	28	28	28	28	28
Italy	20	22	24	26	28	28	28	28	28
Jordan	20	22	24	26	28	28	28	28	28
Korea	20	22	24	26	28	28	28	28	28
Latvia	20	22	24	26	28	28	28	28	28
Lithuania	20	22	24	26	28	28	28	28	28
Malta	20	22	24	26	28	28	28	28	28
Macedonia	20	22	24	26	28	28	28	28	28
Morocco	20	22	24</td						

Weekend FT

SECTION II

Weekend May 9/May 10 1992

No hiding place for Europe's fugitives

As refugees pour into Europe from the world's more troubled regions, David Marsh observes the backlash

A LONG THE Austrian-Hungarian border, winding through the fertile Burgenland region south of Vienna, the gaunt steel watchtowers on the eastern side are deserted, relics of the Cold War. On Austrian soil, new look-out platforms have sprung up, manned by army conscripts in sheepskin coats. They are watching not for the march of communism, but for travellers from Turkey, Romania, Sri Lanka or Bangladesh seeking illegal entry. The Iron Curtain has been dismantled. But as the west attracts a growing stream of fugitives from troubled parts of the world, immigration has become the focus of Europe's fears.

In the gentle hills of the Burgenland, an immigrant's first encounter is often with a man in uniform. "They can cause disquiet among the population," says Gerhard Wild, a burgher official at police headquarters in Eisenstadt, the main town in the region. Some steal local bicycles, he says. "Most are economic refugees," adds Karl Barlich, a young Austrian gendarme on patrol in his van. Captured border-crossers are taken to an impromptu reception centre in bleak rooms at a disused sugar refinery. They are questioned, photographed and given medical checks. After a few hours, those without a *prima facie* case for political asylum are sent back to Hungary. "Normally, they are exhausted — they just want to sleep," says Barlich. Before going, they can take their pick from second-hand clothes donated by local residents.

The fugitives are disaffected survivors of the revolutions and disruption which have swept through eastern Europe and the Third World. Instead of succour, they meet bile. Immigrants put pressure on jobs, housing and social security.

The prosperous half of the continent is experiencing economic slowdown and a sharp swing to xenophobic far-right-wing parties — seen in elections in France, Germany and Italy during the past few weeks. In the ugliest of ironies, the newcomers find themselves blamed for political turmoil in places they regarded as the promised land.

From all sides they come; and, on all sides, they are unwanted. Spain's *Guardia Civil* stands ready to repel immigrants from north Africa. The French *gendarmerie* are on patrol in Marseilles, while German "border guards" scan the wetlands of the River Oder for illicit arrivals from Poland. Most fugitives seek political asylum — even though their chances of acceptance are small. In western Europe 540,000 asylum-seekers were registered in 1991 — nearly twice the 1989 figure and more than three times 1987. Germany alone attracted a record 265,000 asylum-seekers last year. Total immigration into western Europe topped 1m (including 220,000 ethnic Germans from eastern Europe and the former Soviet Union who went to Germany and get automatic citizenship rights there). The flows have crossed to Britain too. The Home Office recorded 44,000

ties parallels an increase in racially motivated violence. Even peaceful Sweden has seen an increase in apparently motiveless attacks on foreigners.

In Germany, where racial attacks have become almost routine since the autumn, the number of immigrants camping out in Munich has prompted fears that the city's traditional autumn beer festival could be cancelled. An Interior Ministry official in Bonn says: "The asylum problem, linked to worries about law and order, is the number one question. It's only a matter of time before this blows up."

Tension is certainly in the air at a sprawling camp for displaced foreigners in the town of Traiskirchen, near Vienna. Since 1986, the former Austrian military academy has been a transit centre. Around 300 asylum-seekers live there. They stay for a few days to complete formalities before being allotted more permanent quarters in guesthouses and hostels around the country.

Under recently-toughened laws, asylum-seekers who arrive in Austria from "safe" countries can be expelled summarily. Some immigrants throw away their identification papers to hinder the authorities. Faced with such awkward charges, the camp staff are not overly sympathetic. "The niggers are this way," said a young administrator, busing through the building towards a group of Sudanese men cutting each other's hair in the corridor. In an attempt at heavy irony, directed at the administrator, one man grins: "The Austrians are not racists. Oh no, they are not Nazis."

The atmosphere 500 miles away, in the south of France, is only a little less chilly. Fribus, an undistinguished, sun-speckled town of 40,000 between Nice and Toulon on the Riviera, is home to 4,000 foreigners, most from North Africa. Some are new arrivals but most have lived there for years, normally in relative



harmony with the locals.

In January, however, police swooped on a shanty town near the railway station housing immigrant workers. They arrested 12 people on arms or drugs charges and 18 for holding invalid identity documents.

Municipal employees then pulled down some of the shacks. The *Front National* claimed the ramshackle village was not only a centre for drugs dealing but also an illegal

source of cheap labour for construction companies, undercutting normal pay rates.

On the outskirts of the town is the Agathon housing estate which the local FN labels a "ghetto." It is, a fairly basic, low-rise housing complex, renovated and whitewashed in the best Mediterranean style. Many second-generation immigrants living here have parents who came to France from the Magreb during the

1960s' boom. Marcel, a young mixed-race resident, tells me that one of his parents came from Africa but he has French nationality. He praises behaviour on the housing estate compared with others in the town.

Fifty miles westwards, in the port of Toulon, Jean-Marie Le Chevallier, a bespectacled European parliament deputy for the FN, who polled the party to 29 per cent of the vote in the town in the March elec-

tions, tells a different story. Over lunch in his dusty house, he holds forth on the Front's repatriation policies. What, I inquire, would he do with Marcel? "Ask him: 'Does he love France?'" replies Le Chevallier, between mouthfuls of lamb and red wine. The implication is that, if Marcel does not, he would be deported. Le Chevallier adds: "It is less costly to spend billions to return them to Algeria and Tunisia than to have a civil war."

He claims that immigrants in France were, simultaneously, taking jobs away from the French and sponging on social security. "You earn more for doing nothing here than by working in a developing country."

As the chief destination of European immigration, Germany is at the eye of the storm. The town of Unna, Massen, an hour's drive from Düsseldorf in the prosperous state of North Rhine-Westphalia, is host to one of the country's best known refugee transit centres. Opened in 1951 for Germans refugees expelled from Poland, last year it was temporarily home to 60,000 ethnic Germans from the former Soviet Union and eastern Europe.

Jürgen Kraska, the camp's deputy head, thinks numbers will increase this year because of "uncertainties" in the Soviet republics. He said that more Soviet Jews — given special status in Germany — are turning up at the camp, reporting anti-Semitic attacks around Moscow and St Petersburg.

Among the roughly 2,600 inmates is Erika Ems, a wizened lady from Kazakhstan. She is glad to be here. "It is like the difference between day and night," she croaks. Peter Potemka, an engineer who says he left Poland because "nothing has changed" after the end of communism, is looking forward to getting a job in Germany. Potemka, however, speaks only Polish — and, in western Germany, jobs are growing scarcer.

To cope with growing public irritation about unkempt refugees clogging Düsseldorf, the North Rhine-Westphalian government is trying revolutionary methods to try to stem the exodus from south-east Europe. It has allocated around DM30m (£13.80m) for a programme of house-building and job creation in the Macedonian town of Skopje, and repatriated itinerant Macedonians who were camped in tents on Düsseldorf's Rhine banks. Albert Harms, the enterprising government official who negotiated the arrangement, says the deal could save money by pruning state government spending on social security for asylum-seekers.

Schemes like this offer a constructive way of easing migration pressures. In general, however, governments throughout Europe are tired of putting up funds and are talking of putting up barriers instead. As the havens grow less secure and more unwelcoming, the tide of those seeking to come ashore shows no sign of ebbing.

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Long View / Barry Riley

Update on the bull market

UP GO those share prices. London has been following Wall Street into new high ground this week, with the Footsie Index breaking through 2700, and even poor old Tokyo has been staging something of a rally.

There is nothing like a fall in interest rates to stimulate the stock market. Mathematically, it is worth paying more for a stream of future dividends if the alternative rewards for investment are coming down. Of course, you can argue that short-term interest rates, which fell in the UK this week, are less relevant than long-term bond yields, or perhaps the real return on index-linked gilts. However, it is spring, and there is economic recovery in the air, if not yet in the statistics.

The stock market is the most sensitive indicator we have. Other asset markets are not yet giving the same signals: the dreary old residential housing market, for instance, was still heading downwards in April according to the Halifax Building Society. The average house last month was worth 5.5 per cent less than a year earlier.

You would not expect the house market and the stock market to move precisely in line. The market in homes is very inefficient because people tend to hold their property off the market rather than accept what they consider to be unrealistic prices.

There are no market makers to cut prices to whatever level will stimulate demand. Funny enough, though, share prices at the beginning of April, ahead of the election, were running 5 or 6 per cent below their year-earlier level, extraordinarily similar to the pattern in house prices.

It was the election result that transformed the stock market, leading to a jump of 12% per cent since two days before the poll. Estate agents will no doubt be anticipating a similar effect in the property market, but there is a big overhang of unsold homes to be cleared.

However, just as Wall Street is supposed to have signalled five of the last three recessions, for the London equity

a foot, perhaps?

With the dividend yield now down to little more than 4% per cent the market can no longer be said to look superficially cheap, given that the prospects for dividend growth over the next year or two are dreary. The yield gap over index-linked gilts has shrunk to about 0.1 per cent, compared with a typical 0.5 per cent or so over the past few years; this gap has never gone negative except in the few months before the 1987 crash, and if this reversal happens again we should take it as a warning.

The longer-term perspective is that the London stock market is now 18 months into a bull market that began in the autumn of 1990 (the precise timing being related to the Gulf crisis, however, rather than domestic factors).

Since the turn, share prices have climbed by 35 per cent, the bulk of which was achieved within the first year.

We are only just emerging into new all-time high ground, and in fact the advance by the broadly-based All-Share Index is no more than 5 per cent since the old July 1987 peak. Admittedly there has actually been a fall in real terms of a substantial 23 per cent since then, but at that stage the market was seriously overvalued (a few weeks after a Tory election victory, incidentally, albeit a confidently expected one).

I would be surprised if the UK stock market were to advance very much further from here, but it cannot be ruled out: markets often overshoot. And I see from a circular by Kleinwort Benson's chartered Nick Glynn that the seasonal pattern in equities appears to have changed in the past five years so that July or August rather than May are the best months to take profits. We need a new rhyming wisdom: *sell in Jul or look*

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The value of investments and income from them may fluctuate and are not guaranteed.

A land of blood feuds and passion — Nicholas Woodhouse travels through the Caucasus. Page XIII

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MARKETS

London Markets

The only way is up — or maybe down

By Maggie Urry

GLORIOUS sunshine on the May Day bank holiday set the tone for the week in the stock market. New records were set as the FT-SE 100 Index深到了2700 and closed yesterday at 2725.7, up 65.9 on the week.

Base rates were cut on Tuesday morning, as were mortgage rates. Sterling blazed against the German mark. Reviving consumer confidence lifted new car sales in April for the first time in 30 months. Local government election results confirmed the Tory victory in the general election.

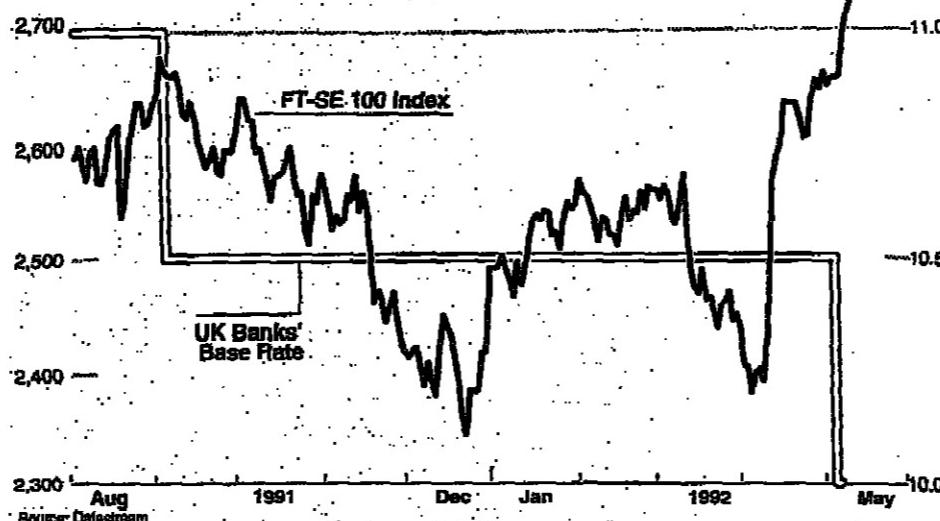
Listen to a few stockbrokers and it is soon clear that the next significant move in the

market will be up — or, possibly, down. That's what makes a market, they say. The bulls are still charging towards 3000; the bears are selling at best.

A record high provides a good moment to look at the two sides of the argument. As the chart shows, the last cut in base rates in September coincided with the market reaching an all-time high. It then retreated for the rest of the year. Will share prices follow the same pattern this time?

The bull case is that the British economy is starting to pick up, and this time that is definite. Although the revival will be slow, the UK stock market should do what Wall Street has done — anticipate the recovery.

At the same time, foreign investors are now persuaded that Britain is a politically stable place to put their money with the added prospect of a rising stock market. Cuts in interest rates attract, rather than deter, funds. Sterling rises as cash flows in; that allows further rate cuts, stimu-



lating the economy, and so on round the virtuous circle.

Britain has looked more attractive to international investors as the situation in Germany has worsened. As the former model of financial rectitude was yielding to union demands, the large international securities firms advised clients to shift their European portfolios to the UK.

Now for the other side. The bears agree that there are some signs of economic recovery. But they say, the stock market has more than discounted this already, and the same event cannot be discounted twice.

At the all-time high last September the market was on an historic p/c of 14%. Now it is on a multiple of 16% times, the difference caused by the sharp drop in earnings reported between the two dates. The market is already at a high val-

uation, and it will take concrete earnings growth before the p/c falls enough to make it worth buying again.

The bears explain this week's rise by summarising the twin spirits of foreign buyers and squeezed market makers. As far as the bears are concerned, foreign buyers are just above taxi drivers in their understanding of the stock market, and a squeeze on the market makers is dismissed as "technical factors".

The phlegmatic bears just see the week's rise as an even better selling opportunity. They were feeling rather exposed for most of the week, but yesterday afternoon's sale by Hanson of its 2.8 per cent stake in ICI gave a boost to the bear case.

On Tuesday the base rate cut brought an early jump in the market, but the high for the day was at 8.83am. By the close the FT-SE 100 was only 2.4 points higher. That suggests that UK investors were unexcited about the rate cut once it had happened — or possibly that they had taken Tuesday off work as well as Monday.

The buying started in earnest on Wednesday as the foreign investors — the theory goes — read about the interest rate cut in their newspapers. They found the market makers short of stock and pushed the index up 36.5 points to a close just short of 2700. Thursday was another dull day, with a 3.2 point gain just tipping the index over the 2700 level, and then yesterday saw another surge after the local election results.

Certainly there has been little to inspire confidence in the week's company news. On the positive side, the prospect of a

real bid from Lloyds Bank for its rival Midland is still being fought over. It is even after the apparent setback to Lloyds of the probable different treatment by competition authorities of its bid, and that from Hongkong and Shanghai Bank.

But elsewhere there are further reports from the recession front line. British Petroleum made a first quarter loss but maintained its dividend.

Trafalgar House, the property,

construction and engineering group which owns the Ritz Hotel and the QE2 as well as half of its interim dividend in spite of an 18 per cent rise in pre-tax profits to £24m. The new dividend rate is more likely to be sustainable.

Tate & Lyle, the sweetener group, suffered a dip in interim profits, from £94.7m to £92m, after some years of strong earnings growth.

Retailing is still not a happy industry with Sears, the shoe shops to Selfridges group, reporting a 4.5 per cent fall in annual pre-tax profits to £81.2m — and that is before the housebuilding business was pushed below-the-line. British Gas discovered what it is like to operate in the new low-inflation environment, when it was told by its regulator to cut prices. Analysts estimated a 2p a therm cut would knock £250m from annual profits of over £1bn.

Meanwhile, in the casualty

ward, Olympia & York, with property assets which could be liable to liabilities, and WPP whose assets go home every night, both think their banks

would like to swap some of their loans into shares. Is that top of the market talk?

advertising its changes," I pointed out. "Remember all those societies which replaced their old accounts without letting their customers know? That's another good piece of doublespeak — societies are for the benefit of their members."

"Zere are some very innovative uses of language at the moment," he exclaimed. "I think I may have a chance of the Nobel prize in surreal semantics. Take ze reduction in UK base rates this week by chanceller Norman Lamont. I saw one tabloid paper I saw one tabloid paper announce that millions of homeowners were given a welcome cut in mortgage rates as a consequence."

"What was wrong about that?" I asked, innocently. "It was a hit premature. Most lenders that announced a cut made one for new borrowers only. And in the current state of the housing market, there are hardly any new borrowers. All that good publicity will cost the societies, as you say in England, only tiny spuds."

"So what will happen to existing borrowers?"

"They will have to wait. A change will be announced in due course, as they say, which probably means a month or two before their bills fall. Meanwhile, savers are going to see their rates reduced almost immediately. Although, of course, it will not be described as a cut."

"Take two advertisements from the Halifax this week," said the Professor, pulling some clippings from his white coat. "How low can you get, asks the first, following it up with the words (in bold type and capitals) 'new reduced mortgage rates.' But the second says merely Notice to Halifax fax customers, with underneath the words (in restrained type) 'Halifax Building Society announces the following changes to interest rates.' No mention of a cut, or a reduction at all."

"So what can the poor consumer do, Professor?" I asked.

"My new book, *1991 ways to confuse the financial services*

consumer (available from room 101 of all good bookshops) will, as you say, such the lid off the whole caboodle. It will cost £5.01, of course. I hate things that are priced at £4.99."

"Enough of the plug," I said. "Give me three points for the consumer to remember."

"OK. First, remember that you have to look after number one. Do not assume that a financial institution is as protective as your big brother. You have to monitor your savings and your products to make sure you are being fairly treated. Ignorance isn't strength."

"Second, read the small print. The financial services regulatory structure is far from perfect but it normally does ensure that the vital information appears somewhere in the documentation. And if you don't understand the jargon, ask. Don't buy the product until you are sure. There is rarely any need to rush."

"Third, use a good financial adviser, preferably one who charges a fee. They can be great at sorting out the pros and cons of an investment, like the Pensionsline service you have written about this week on page V."

"More specifically, Professor," I said, "what can savers do in the future? Interest rates are falling and some expect base rates to reach 8 per cent by the end of next year."

"Well, if you don't need income, then National Savings fixed rate products, even at reduced levels, still look attractive. If you do need income, then gilts currently yield over 9 per cent to redemption, although you need to reallocate your money to a higher running income, you face a capital loss."

"One last question, Professor," I asked. "How do I finish this article?"

"Easy," said the sage. "Orwell's that ends well."

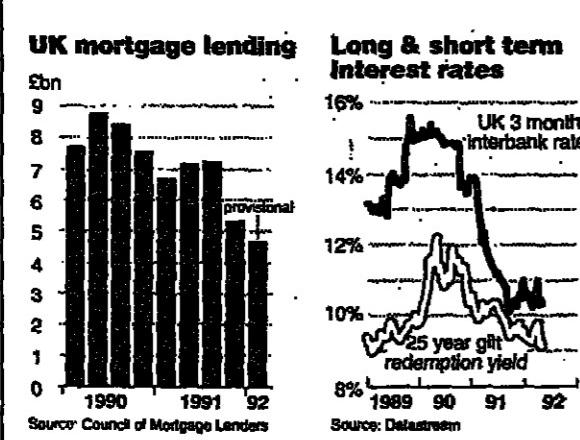
Serious Money

Doublespeak in the finance game

By Philip Coggan, Personal Finance Editor

HIGHLIGHTS OF THE WEEK					
Price y/day	Change on week	1992 High	1992 Low		
FT-SE 100 Index	+65.9	2734.8	2382.7	Interest rate cut/recovery hopes	
Amstrad	+5½	+5½	41	23	Recovery prospects
BET	+20	216	105	Warburg 'buy' recommendation	
Bass	+40	650	491	Economic recovery hopes	
British Airways	-10	295	219	Rights issue fears	
BP	-18½	304	239½	Disappointing figures	
Euromoney Publicis	+112	788	553	Impressive profits	
Globo	+57	943	708	UK approval for Zefran	
Granada	+15	286	192	Smiti/Homura 'buy'	
JLI	+20	135	105½	Successful rights issue	
Lex Service	+34	268	165	Improvement in car mid predicted	
Sears	-6	113	89	Poor trading performance	
Smurfit (Jefferson)	-33	670	575	Gloomy trading statement	
Thorn EMI	+33	884	704	Strong leisure stocks	
Vodafone	+20	385	300	Kleinwort positive	

AT A GLANCE



Housing market still gloomy

Hopes for a quick recovery to the housing market still look for off as lending for house purchases continues to reveal a steady decline. Quarterly figures released this week were described by the Council of Mortgage Lenders as "very subdued". They show that net new lending by banks, building societies and other financial institutions for house purchases dropped in the last quarter to £4.6bn compared to £5.4bn in the last quarter of 1991. The Halifax house price index also released this week, fell by 0.4 per cent last month. The building society said the "even adjusting for seasonality, the trend in house prices also remained weak." UK house prices are now 5.5 per cent below this time last year.

Yield curve flattens

The cut in base rates this week further narrowed the gap between short and long term interest rates (the yield on long-dated gilt). For most time it was standard for short term rates to be below long term; in the jargon, a positive yield curve — but in recent times a negative yield curve has been the norm. Forcing short term rates any lower will probably require a similar move in Germany.

Charity donation limit cut

The minimum limit for donations to charity which receive tax relief under the government's gift aid scheme is to be reduced from £600 to £400, as planned in the Budget. In answer to a parliamentary question, Sir John Cope, Paymaster General, said the forthcoming finance bill would change the limit with effect from May 7. The rules governing tax relief on some charitable covenants will also be relaxed — to allow charities to continue receiving relief after the four year renewal date — from the same time.

Britannia ends share deal service

Britannia Building Society is stopping its share dealing service with effect from May 31. The society says it has seen a significant drop in turnover and feels that there is a lack of consumer demand for the service, which was introduced at the time of the privatisations. No new transactions will be accepted from May 18 and the society is rebating customers the initial administration fee they paid to open a sharedealing account.

Watchdog changes name

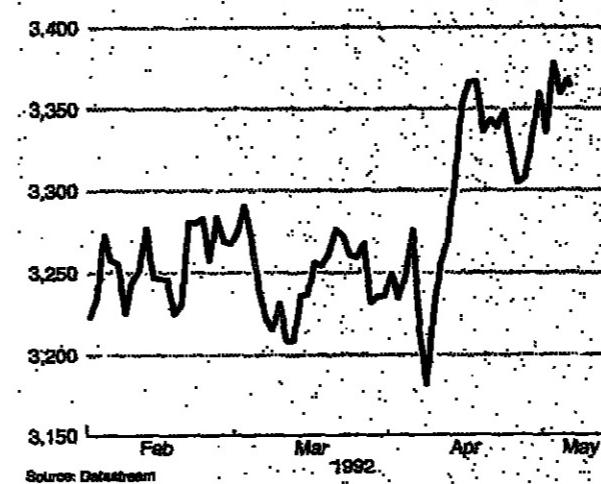
The Investment Referee is changing its name. He will now be known as the Investment Ombudsman. But he will still deal with complaints from clients of companies which are members of the Investment Management Regulatory Organisation. A free leaflet which explains how to complain about an IMRO member is available from: The Office of the Investment Ombudsman, 6 Frederick's Place, London EC2R 8BT.

Smaller companies rally

Small company shares continued their recent rally this week. The Hoare Govett Smaller Companies Index (capital gains version) rose by 2.2 per cent to 1278.32 over the seven days to May 7, while the County Small Companies Index also rose 2.2 per cent to 1006.1 over the same period. This week, Perpetual is launching a smaller companies unit trust which has an initial charge of 5.25 per cent and an annual fee of 1.25 per cent. Minimum initial investment is £1,000 and there is also a savings scheme option of £100 a month.

After the storms, the calm . . .

Dow Jones Industrial Average



March non-farm payrolls were upwards. And the long bond yield was still shy of 8 per cent mark. Most pundits believe that the relatively strong employment report will stay the Federal Reserve's hand in the immediate future, although views differ on whether another easing is now ruled out in the future.

If interest rate reductions are postponed (or omitted), it seems unlikely that Wall Street will show much progress.

The Dow Jones Industrial Index moved to a new high of 3,378.13 by Monday's close — in part, a reaction to Friday's sell-off and relief that rioting in Los Angeles had stopped. But, despite the subsequent interest rate speculation, the stock market failed to follow through in any of the following sessions. Instead, the Dow yo-yoed its way to the 3,365 mark by Friday lunchtime. "Even the rampant bulls have to be concerned about the lack of follow-through," commented one trader.

Sighs that a plateau has been reached may be most apparent in the new issue market. In the first few months of the year, this became a hubub of activity as companies rushed new equity issues to the market, tapping eager investors for much-needed capital.

This week, however, Payless Cashways, a well-known

building materials retailer which was taken private via a management buyout in 1988, joined a lengthening list of companies which have recently cancelled stock-market flotations. The company, which had planned to raise over \$400m, cited market conditions.

The Payless action follows that of GPM Gas, a unit of Phillips Petroleum, and seems to confirm fears that the new issue market is turning sticky. There is, moreover, the huge \$2bn-plus General Motors issue to get away later this month, while recent estimates have suggested that the total backlog of shares still up for sale tops \$15bn.

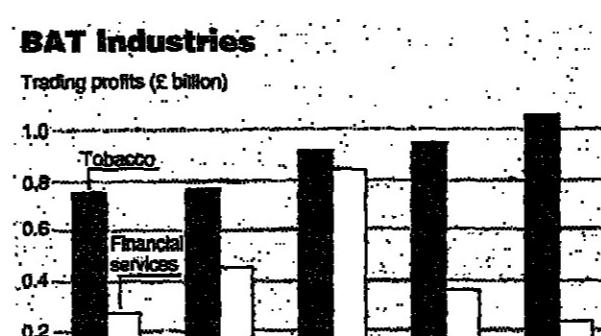
Somehow, supply and demand do not seem to be in the same happy proportions which drove the market upwards earlier this year.

Nikki Tait

Monday	3278.13	+ 42.04
Tuesday	3269.35	- 18.78
Wednesday	3269.41	+ 10.06
Thursday	3263.37	- 6.04

BAT runs smoke rings round history

BAT Industries



per cent to 17 per cent.

A few years ago, it would have been regarded as both tasteless and financially unsound to talk in a bullish fashion about the prospects for tobacco. The spreading of concern about the health risks was deemed to have turned the market "ex-growth". Now, however, financial sentiment has changed. The very bottom

far from smooth. When the division's performance is broken down between the three main subsidiaries it is easy to spot the culprit: Eagle Star made a trading profit of £294m in 1989, but lost £232m last year.

Meanwhile, Farmers Group, the US insurer bought for \$5.2bn (£2.93bn) in 1988, increased profit from £327m to £329m and Allied Dunbar, the life business, changed ahead to £21m from £10m.

As Farmers was bought for cash, the financing costs have been substantial. In the first quarter it knocked about 40 per cent off a record trading figure of more than £1

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El Dorado: the search goes on

Philip Coggan on the risks and rewards of emerging markets

FOR HUNDREDS of years explorers and investors have dreamed of faraway cities, with streets paved of gold. And in the 1980s there is a school of thought which argues that real riches can be found, not in the stock markets of developed countries such as the UK and the US, but in the shares of emerging markets further afield.

Profit have been discovered already. In 1991 Latin American investment Trust was the best performing of all investment trusts, and the list of top ten unit trusts over the five years to end April includes both Abrast's Far East Emerging Economies and the Prosperity Emerging Markets funds.

The arguments for investing in emerging markets are simply put. These countries have higher economic growth rates than the developed world, and this should continue, thanks to rising life expectancy and improving education.

The developing countries produced a 5.6 per cent GDP growth rate from 1985-90 and 4.4 per cent during 1990-91, according to the World Bank; the equivalent figures for the industrial countries in those years were 2.7 and 3 per cent respectively.

The stock markets of emerging countries represent a much smaller proportion of their gross domestic product than their equivalents in the industrialised world. Many emerging countries are introducing "free market" reforms to encourage the growth of the private sector, and are opening their stock markets to foreign investment. In short, these economies are dynamic and should provide more opportunity for profit than countries in the staid West. After all,

Japan was an "emerging market" in the 1960s.

But there are dangers. The under-developed state of these stock markets means that trading is illiquid, which may mean sharp swings in prices.

Shares can easily fall or rise by 10 per cent in a week.

There is no universally agreed definition of an emerging market. In recent listing particulars from Templeton Emerging Markets Investment Trust, an emerging market was defined as a nation with a low or middle income, or one where stock market capitalisation is less than 2 per cent of the world index. Over 75 per cent of the world's population live in such countries, according to Templeton.

The vast majority of these emerging markets are found in three areas; Latin America, south east Asia and the Mediterranean. African and eastern European countries are seen as prospects for the future, but investment is still limited.

The areas

In the minds of many investors, Latin America is probably still associated with hyperinflation and military coups. But, according to William Calvert who runs the Prosperity Emerging Markets trust, "the whole financial structure of the industrial countries in those

years were 2.7 and 3 per cent respectively.

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emerging countries represent a much smaller proportion of their gross domestic product than their equivalents in the industrialised world. Many emerging countries are introducing "free market" reforms to encourage the growth of the private sector, and are opening their stock markets to foreign investment. In short, these economies are dynamic and should provide more opportunity for profit than countries in the staid West. After all,

Latin America has been appreciated by outside investors for some time. Many of the so-called "tiger economies" are candidates to repeat the Japanese performance. And recently, investors have become excited by prospects for China, which seems to be opening up to economic, if not democratic, reform.

Although there are a few

quoted Chinese companies, the common route for those wishing to invest in China has been

via Hong Kong companies with operations on the mainland. That has helped push Hong Kong shares to all-time highs.

Scott McClellan, who runs Perpetual's Asian smaller markets fund, has been taking some profits from Hong Kong but is still optimistic about the prospects for south east Asia, since he believes the region should benefit from a US economic recovery.

How to invest

Investing directly in stocks in this area is out of reach of all but the wealthiest. For most investors, a collective fund (unit or investment trust) is the obvious route.

There are three sorts of fund, in roughly descending order of risk. The first is an individual country fund; the second is regional; and the third is an emerging markets trust, which invests across the world.

But just because an emerging market fund invests in a wide range of areas, that does not mean it is immune from decline. The stock market crash of 1987 showed that markets round the world could be affected by the same event. A breakdown in the Gatt talks on

world trade might affect sentiment badly, suggests Angus Tulloch, who manages the Stewart Ivory new Pacific trust (although he is very positive for Asian shares on a five to ten year view).

However, a broad fund seems

the logical first step in this field. Brian O'Neill, who runs Gartmore Frontier Markets fund says: "Areas which are flavours of the month can come and go. Latin America is currently in fashion but in 1989 it was Turkey and Greece. We think the retail client wants a broad interest in emerging markets."

Having chosen the geographical scale of the fund, the investor also has to choose between a unit and investment trust; each has different attractions. A unit trust offers the retail investor the ability to sell at net asset value at any time. But that very liquidity can cause a problem for the fund manager, who may be forced to sell stocks at rock bottom prices in declining markets in order to meet redemptions. Thus unit trust performance can be hit hard in declining markets.

The investment trust manager does not face that risk – he can afford to leave his portfolio untouched through a bear market. But the risk is passed on to the investor. If the county or region falls out of favour because of a declining stock market, the investor may find that not only does the asset value of the trust decline, but his shares fall to a discount. So the investor suffers a "double whammy".

There are six emerging market investment trusts, although only two have records lasting three years – and both have shown declines over that period. However, Templeton Emerging Markets has a very good two-year record, with 76 per cent growth (mid-market to mid-market with income reinvested) and Latin American Investment Trust was up 64 per cent over the last year.

Among the unit trusts, bid-offer spreads tend to be slightly higher in this market (the average for the ex-Japan Far East funds is 6.3 per cent) so investors' money will have to work harder to make a profit.

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The investment trust manager does not face that risk – he can afford to leave his portfolio untouched through a bear market. But the risk is passed on to the investor. If the county or region falls out of favour because of a declining stock market, the investor may find that not only does the asset value of the trust decline, but his shares fall to a discount. So the investor suffers a "double whammy".

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FINANCE AND THE FAMILY

National Savings cuts its rates

NATIONAL Savings overhauled its products this week in the wake of the base rate cut and building society complaints that its products were luring their depositors away.

Rates were cut by between 0.5 and 1 percentage point across the range. There were also changes in the maximum holdings on certain products.

The changes were:

- Certificates. The 36th issue (which paid 8.5 per cent) has been withdrawn; the new 37th issue, on sale from May 13, will offer 8 per cent

tax-free if held for five years.

This is the equivalent, for a top rate taxpayer, to a gross rate of 13.33 per cent and still looks pretty attractive. Returns, of course, will be lower if you cash in early. However, the maximum holding will be only £7,500 compared with £10,000 for the 36th issue.

The rate on the Yearly Plan has also been reduced from 8.5 per cent to 8 per cent, but the maximum monthly contribution has been increased from £200 to £400.

- Capital bonds. The Series C bonds, which paid a healthy 11.84 per cent tax-free, have been withdrawn. Issue B

have been withdrawn. The Series D certificates, on sale from May 13, will pay 10.75 per cent per annum if held for five years.

Taxpayers should be aware that, although interest is only paid on maturity, they will be taxed each year as if they were receiving the interest in cash terms.

The requirement to give three months notice before cashing in the bonds has been abolished.

- Children's bonus bonds. Issue A, which paid a healthy 11.84 per cent tax-free, has been withdrawn. Issue B

will go on sale from May 23 and will pay 10.9 per cent per annum if held for five years. Returns on all these certificates are fixed, and biased towards those who hold the bonds or certificates for the full five years.

■ Income bonds. The return on these variable rate bonds will be cut from a taxable 10.25 per cent to 9.25 per cent from June 18. The maximum holding has been increased from £25,000 to £50,000. Joint holders may now hold up to £100,000 between them.

- Investment account. The variable return on this account will be cut from a taxable 9.5 per cent to 8.5 per cent on May 19.

■ Deposit bonds. The variable return on these bonds, which are no longer on sale, will be cut from a taxable 10.25 per cent to 9.25 per cent on June 18.

The building societies will make their own rate revisions, in the light of the Chancellor's announcement, and investors may well find that these National Savings returns are still highly competitive.

Philip Coggan

How to shoulder debt

FOR MANY high-flyers the 1990s have recalled the tale of Icarus, who flew too close to the sun and fell into the sea after the heat melted the wax on his wings.

Rather than the sun's rays it is overborrowing and redundancy that is bringing so many down with a bump today. Unable to pay their debts, they receive some of the 208,000 county court judgments which are issued each month.

Plunging high-flyers often make matters worse for themselves by desperately flailing about. A private debt counselling firm I visited had just spoken to a man who had rung up an extra £50,000 in unsecured debts in a desperate attempt to find cash to pay his mortgage. Like many professionals he had been ill-prepared for the trauma of being in debt.

The welfare state provides a safety net just above ground level – paying mortgage interest and pocket money of around £40 a week. But this net can quickly prove to be a trap. For every £1 a recipient earns, the DSS removes £1 of support.

A person with a £100,000 mortgage therefore needs to earn £19,020 before his net income starts to increase. With a £200,000 mortgage the breakthrough earnings are £26,440. No-one who has paid this 100 per cent tax rate at the DSS should ever complain about the Inland Revenue's 40 per cent cut.

Last month, the DSS torpedoed hopes that the Department of Employment may have of reducing the nation's dole queues. From April 6, anyone working over 16 hours a week is disqualified from receiving any income support. Such part-time work is precisely the route that many redundant executives are likely to take in re-entering the labour market. This poverty trap makes it nearly impossible for the for-

mer high earner to pay off his or her debts as extra earnings do not increase disposable income. That leaves the unaccustomed debtor with the unenviable pauper's progress of summonses, county court judgments and visits from bailiffs.

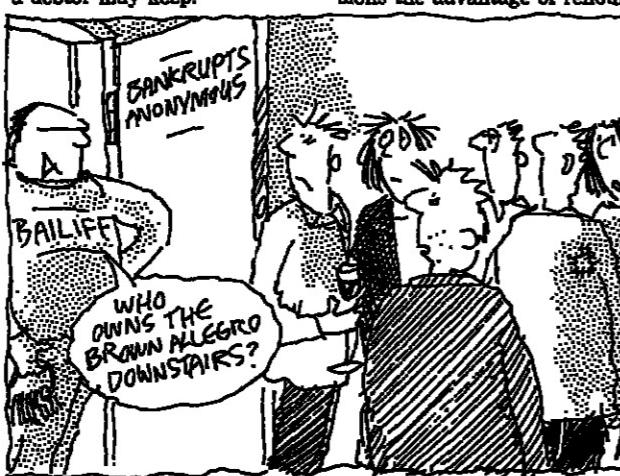
The depression that debt induces often delays consideration of the ways out of this conundrum. One option is personal bankruptcy. Its stigma is rapidly fading and more and more people have been unloading themselves of their debts through this mechanism.

In the first two months of the year the number of people making themselves bankrupt went up by 49 per cent to 1,500 a month. In two years time, if their debts are under £20,000, (three years if their debts are larger) these individuals will enjoy a completely fresh start with nearly all debts written off. Exceptions include fines and debts arising from fraud.

Meanwhile, they can earn a basic income of perhaps £15,000 to £25,000 before the official receiver will want the top slice for creditors. The official receiver (or insolvency practitioner operating in his stead) is also considered to be far more generous than the average bailiff in terms of the possessions a debtor may keep.

Bankrupts are barred from being company directors without special dispensation. They are also unable to practice as solicitors or accountants.

For people in these professions the advantage of renoun-



ching debts as allowed by bankruptcy is outweighed by the need to stay in work. For them a "voluntary arrangement" is needed through which an insolvent practitioner arranges a deal with creditors. Enough assets must be available to satisfy not only creditors but also to pay the fees of the insolvency practitioner – typically at least £1,000.

So long as three-quarters (by value) of creditors agree to the arrangement, it is binding on all creditors. In the case of bankruptcy, creditors typically might receive 20 per cent of assets. With voluntary arrangements they tend to get around 40 per cent.

The payment terms are also important. A woman in Northumberland wrote to me concerning a voluntary arrangement set up seven years ago by which she pays off £25 a month. At that rate she still has 35 years of payments to go and the stress is affecting her health. She now believes that she may have made a mistake in not going bankrupt in the first place.

For those lacking the assets to pay for a voluntary arrangement, but who cannot stomach bankruptcy, the alternative to the bailiffs is to negotiate with creditors themselves. This can be done by letter, through a Citizens Advice Bureau or by attending court to defend summonses when they arrive.

Unless particular creditors believe the debtor is stashng away a pot of gold, they should be prepared to settle for less than the sum involved. The prevalence of middle class debt means that the embarrassment attached to it has eased. However, those who have suffered its indignities are likely to be credit shy and avoid taking so many risks again.

Ian Gregory

A painful pension split

NOW YOU see it, now you don't. That might be one way to describe the state of many a wife's pension after her marriage has broken down.

The most valuable assets in many cases of divorce are the family home and the husband's pension, but all too often the pension is forgotten, leading to distress for many ex-wives in later years.

Pension rights are now recognised by the law as part of matrimonial property but there are no detailed guidelines on the way in which they should be allocated. "In many cases [of divorce], the wife receives the greater share in the residence, as a trade-off against the value of the husband's pension rights," comments the Working Group on Pensions and Divorce, in a consultative document released this week.

With one in three marriages ending in divorce in the UK, there have been calls for a

change to the law, specifically for the splitting of pension rights on divorce.

The Working Group was formed earlier this year by the Pensions Management Institute and is receiving funding from the Joseph Rowntree Foundation. Its consultative document has been issued so that responses from organisations and people involved in the pensions field can be incorporated in a final report, when the Group will recommend changes to the present system.

The courts do sometimes take a pension into account in a divorce settlement, but this is usually when a couple is nearing retirement age. Younger women are expected to have enough time to build up their own pension rights. Those with small children often take time off work or resort to part-time work, so they cannot build up an adequate pension. Even married women in full time work are likely to earn a

smaller pension than their husband.

The law on pensions and divorce is different in Scotland, where "matrimonial property" includes "rights or interests of either party under a life policy or occupational pension scheme." It requires this to be shared fairly on divorce, rather than sharing means equal sharing unless there are special circumstances which dictate otherwise. The Working Group asks whether the rest of the UK should adopt a similar legal position.

One big problem with allocating a pension after a divorce is assessing its value. There are two main methods. The first is to look at the "cash equivalent", which involves valuing the husband's pension as if he had left the scheme at the time of the divorce.

The other way is to base the value of the pension on his pensionable service to date and to allow for the possibility of future benefit payments and increases in pensionable pay.

This is sometimes known as the "past service reserve" and is likely to be larger than the cash equivalent because it pays in the future.

However, determining which should be used as a basis for valuing the pension if it is to be divided will not solve a further problem, which is that a man's second wife will collect his pension benefits. Basing the value of the pension on the whole of the husband's past pensionable service risks reducing the benefits to the second wife and giving too much to an ex-divorced wife.

The alternative to calculating the value of the pension at the date of divorce (or separation) would be to follow Scottish law, where pension rights that can be shared are limited to those arising during the length of the marriage.

Scheherazade Daneshkhoo

Casebook

Investor hits at bonus cut

week, how can you make rational investment decisions?"

In April, Lemer received a letter from Friends Provident informing him of the pay-out rate on one of his policies which is about to mature. But a few days later he received another letter informing him that he would be getting less.

"To cancel letters that have already gone out is really to shoot yourself in the foot," says Lemer, who has decided not to invest in the company's products in future.

Assuming a 25-year-old non-smoking male paid monthly premiums of £55, a £6 per cent drop.

The effect of the cut on 25-year maturity values would also have pushed Friends Provident down the table. If our investor had paid £55 a month for a 25-year endowment, his pay-out at January 1 would have been £42,255, but after the policy maturing on May 1 would be worth £41,522.

Graham Aslett, general man-

ager at Friends Provident, who acknowledges that announcements on rates are usually made at the beginning of the year, said that the decision was taken after valuation report prepared for the Board in April. "We said in December 1991 that we were entering a period of lower returns and low inflation. This year saw the return of the Conservative government and therefore a commitment to the Exchange Rate Mechanism."

Lemer is unimpressed, particularly since the stock market reached an all-time high last week. "You could argue that when inflation and interest rates are low, then the stock market might take off as people look for investment alternatives. We were in the KRM in January, Labour was committed to keeping us in it and Friends Provident made its cuts in January. What has changed between January and now to justify further cuts?"

Scheherazade Daneshkhoo

Financial Times

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Philip Coggan

Expatriates

Taxing times at home . . .

DOES YOUR overseas home qualify as job-related accommodation? If so, and you maintain a residence in the UK – particularly one on which there is a mortgage – you could be in line for special treatment for capital gains and income tax.

While you are neither resident nor ordinarily resident in the UK, you are not subject to British tax on any capital gains you may realise – apart from gains arising from assets used in a UK business. But a tax liability remains for resources which you intend to retain beyond the date on which you return to the UK residence. This is particularly true for property.

Your principal residence will be exempt from CGT and, while the basic requirement for full relief is continuous residence, there are special rules for expatriates.

These provide that, if a property was your residence both before and after an absence overseas, and in the intervening period you had no (other) residence "eligible for relief", your CGT exemption will be preserved even though you let the house in your absence.

So, if you own a single property in the UK which satisfies the "before and after" test, and while you are abroad you live in rented accommodation, you will face no problems.

But the situation is very different if you do not actually purchase the property until you have been abroad for a while. Then you can satisfy the "before" test only with difficulty, for although no period of residence is specified in the legislation, you or your spouse would need to take up residence for around three months to be sure of doing so. Even then, it is doubtful whether you can nominate that property as your principal residence instead of the one you rent overseas. A nomination can only be made in order to choose between properties occupied contemporaneously.

But all of these problems dissolve if you live in job-related accommodation overseas. You are then deemed to be living in the UK home as your residence.

While this treatment can be of considerable value, many expatriates may view the question of whether or not they are entitled to MIRAS (mortgage interest relief at source) for up to £30,000 of any loan used to acquire the property, as one of more immediate concern. You are not disbarred from MIRAS relief merely because

The Week Ahead

NEXT week should provide some much-needed first-hand evidence about whether the UK is finally pulling out of recession as some of the most influential retailers report.

On Tuesday, Marks and Spencer, which has been riding the rough trading better than most, is likely to edge profits 2 per cent higher to £530m. The company is expected to make an announcement about the future of its loss-making Canadian operations. M and S's solid cost base and proven management skills should have enabled it to combat a loss of market share. But clothing margins will have been hit by widespread discounting elsewhere and the food business will have felt the force of furious expansion programmes of the big supermarket chains.

One of these, J. Sainsbury, is likely to boast of a more buoyant trading picture the following day as annual profits are likely to surge by more than 30 per cent to the £610m mark.

However, Burton Group, the ill-starred fashion retailer which has seen two chief executives depart in as many years, is only likely to confirm the pattern of its recent grain trading fortunes when it reports on Wednesday. Morgan Stanley suggests interim profits will be near £20m – with only a token dividend.

Grand Metropolitan, the

food, drinks and retailing group, is expected on Thursday to lay the foundations for the further "year of progress" promised by Sir Alan Shepherd, the chairman. An 8 per cent rise in interim pre-tax profits to about £280m is forecast with DUV, the drinks division, leading the way.

British Gas is expected to report a drop in its first quarter net income on Thursday to £260m from £275m in the same period last year. The company saw profits eroded by warmer winter weather and lower gas production at its Morecambe Bay field.

Royal Dutch-Shell, the Anglo-Dutch oil company, is estimated to have made a profit of £585m in the first quarter on a replacement cost basis which strips out stock losses and gains – half the level made in the same period in 1991. The company is expected to be hit by a weakening in refining margins, particularly in the Far East.

Two UK composite insurers report their first-quarter results next week, with both are expected to show some improvement. Analysts expect Royal Insurance to lose between £35m and £50m compared with a £50m deficit in 1991. General Accident's losses are expected to be between £35m and £50m (compared with a £75m loss).

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company	Value of bid per share ^a	Market price ^b	Price before bid	Value of bid ^c	Bidders
<i>Prices in £ in pence unless otherwise indicated</i>					
BH	36*	35	34	21,240	M Group
Castrol	45*	44	28	7,311	APE SA
Dowty	219</td				

MINDING YOUR OWN BUSINESS/FAMILY & FINANCE



Celtic rings: Brian Stack's jewellery company utilises ancient patterns

Old craft in a modern setting

Nick Garnett visits Brian Stack, who combines his culture with his business

THE DINGLE Peninsula is the western terminus of Europe, the final outpost before the sea falls into the Gulf Stream. On a sunny day in April, the water is pastel blue and the Brandon mountains are capped in snow. An ordinance survey map reveals the strata of primitive cultures that once took root here: the weird beehive huts of early Christian hermits; the monastic life exposed by the lonely Gallarus oratory shaped like an upturned boat; the crooked Ogham stones of the late Iron Age on which the Celts chiselled a simple structure of angled lines as a written script.

The area around the coastal town of Dingle is also a *ghairnecht*. It is one of 10 or so parishes of land in Ireland where the populations encapsulate a significant proportion of fluent Gaelic speakers. Special attention is cast on them, with the help of a Uدارا (Gaelic for "authority"), whose task includes funneling cash to businesses.

The regional manager for the Uدارا in Dingle, Steve O' Cualain, says it is illegal to discriminate against businesses run by non-Gaelic speakers, but the Uدارا clearly prefers using money in a way that bolsters Ireland's ancient language.

One tiny company benefiting from operating in a *ghairnecht* is that of Brian Stack, jeweller-maker and jeweller-seller. But he benefits more from operating in a beautiful area popular with tourists. Visitors account for 65 per cent of Stack's

total yearly sales of £150,000, largely because the 40-year-old has piggy-backed his business on two local attractions.

One is the artefacts left by the Celts, such as the Ogham stones, high crosses and metalware.

"A lot of the interface work in the seventh and eighth centuries was incredible," says Stack. "There is a theory that these workmen had proper workshops and a type of college system to learn crafts in gold, silver and stone."

Stack and his workshop reproduce miniature examples of Celtic art in gold and silver.

The other attraction is Fungie, a dolphin which popped up in the sea off Dingle five years ago and has stayed ever since. Fungie has become an attraction for tourists, who also like Stack's gold and silver souvenirs of the cubic creature.

Stack did a seven-year jeweller's apprenticeship in Cork before working in Canada and building his own house in Dingle. He rented his first shop in Dingle in 1981, opened another outside the peninsula in the tourist haunt of Killarney, and then a workshop in Dingle. He has just moved the workshop to a new, larger building, with a shop attached, provided by the Uدارا.

About half the jewellery Stack makes is bought from other jewellery-makers, though he expects this proportion to drop. "The margin on made-up jewellery we buy is about 100 per cent and a little more on the things we make, say, 130 per cent," he says.

The workshop and three retail outlets generated a profit last year between £20,000 and £30,000.

Stack employs three in the shop (and gets occasional help from his wife, Mairead, a teacher) and four apprentices. Training grants from the Uدارا cover 60 per cent of apprentices' wages for the first year, and after that on a declining scale. The Uدارا also forks out for 50 per cent of capital equipment. This includes £20,000 of casting machinery, bought because the economics of jewellery-making work against handicrafting.

Much of Stack's own jewellery is hand-made gold and silver bent, soldered, cut and punched into shape. To lower the costs, more jewellery will now be made by casting. The rubber cast is taken by a handmade design, and wax injected into it. The wax pieces are fixed to a common stem and plaster is poured around them. The wax is removed by steam, and either or gold-poured into the mould. A vacuum system sucks the metal into the mould's furthest corners.

There is plenty of space for all this in the 150 sq metre premises, whose subsidised rent is about £1,200 a year, rising eventually to an unsubsidised rent of about £3,000. The casting equipment comes from the Isle of Wight, precious metal from Johnson Matthey in Dublin, and gemstones from London and Switzerland.

Some of Stack's headaches are

familiar to most owners of small businesses.

"We have built up gradually over ten years, which is a good thing, but my biggest problem is I never got management training of any description. That would have helped with things like controlling stock, forward planning, and understanding how to foresee demand."

Seasonal demand and the need to build up stocks every year for the summer tourist sales hurts cash flow.

"By the beginning of the next season, you are in a tight squeeze on that. We'll be producing more with the casting machines, so to counteract these new cash flow pressures we intend to take on work for other jewellers."

He intends reducing the number of different items the company makes. Stack uses a £20,000 overdraft from Allied Irish Bank.

The troubles in the North still have a debilitating effect on tourism, and remain, for businessmen like Stack, a source of annoyance and bewilderment.

"It's the great tragedy of Ireland. It hampers everything, shifting all development right down the line. It's such a mess."

Like most of his fellow countrymen, Stack harbours a relatively genial disposition on life. "I've been very lucky, thanks be to God."

■ Brian de Stac, *Sráid an Dóirín, An Daingean, Co Chiarraí, Brian Stack, Green St, Dingle, Co Kerry*

Republic of Ireland. 010-353-55-5228

Computing/David Carter

A cheap, cheerful integrated package

Hit the Alt key and you activate dropdown menus from a menu bar at the top of the screen. It supports a mouse and the HP LaserJet printer.

Initial impressions are good. The opening screen presents a neat list of the files available in each application.

I chose the word processor. Up came an attractive white screen with red margins. For the typical business user who needs to write letters and memos this word processor is excellent - clear menus, easy editing, and adequate layout features. For anyone who writes in foreign languages it offers a simple way of including non-standard characters such as umlauts and circumflexes. It can also link to the database

module for "mailmerge", the facility to print personalised standard letters.

The "Calc" spreadsheet module is again simple and clean, but the lack of a tutorial created a few difficulties. It took me some while to work out the exact sequence for copying one cell to a group of other cells. The Help key (F1) in the spreadsheet was corrupted in my copy and locked up the keyboard, so I had to switch off and restart. Formatting options are limited; you cannot display a figure as a percentage and I could not find a way of centring the contents of one cell.

Another weakness is that Office Manager is only set to print 10 characters per inch on to the paper. This is unlikely to be a problem with the word processor but in a spreadsheet you really need condensed print at 17 cpi to squeeze a year's figures onto one page. For Office Manager to print in other sizes - such as 12 cpi or 17 cpi - you have to enter printer escape codes.

The database module ("File") is the least successful. With most packages designing a database is usually easy, because you simply "paint" the data entry form on the screen. I tried to set up a mailing list database but found it a struggle.

Office Manager's manual is clear and well written, but is no substitute for a brief tutorial taking you through worked examples and illustrating how everything

hangs together.

Another problem is that "date" - and "telephone" fields only accept US formats (eg April 17 1992 appears as 4/17/92). Once you have got over all these hurdles, data entry is easy, and I found the report writer clear and easy to use, but at the beginning users will have to struggle unnecessarily.

None of the above defects is insuperable.

On the credit side, Office Manager's word processor is excellent, its spreadsheet perfectly adequate. Overall design is admirably clear and logical and for the beginner or occasional user this package is a top recommendation irrespective of price. At less than £20, what have you got to lose?

■ *Office Manager is available at the special price of £19.97 including VAT, from PC Answers magazine, Future Publishing Ltd, order ref. PCAS13, tel: 0457-740111.*

■ *David Carter is a consultant in information systems for small businesses. Tel: 0272-812447.*

A loan to daughter but not her boyfriend

When can I gross up?

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given. All letters will be answered by post as soon as possible.

higher rate.

In my assessment from the Northern Tax Office for 1989-90, they grossed up this income, but on appeal they amended it without question. For 1990-91 however, they grossed this income up again and on appeal they are refusing to amend it, saying it must be grossed up.

What is the true position?

■ Your appeal may be being dealt with by a junior inspector who has not been adequately trained. Point out to him (or her) that there are no grossing-up provisions in sections 54(1) and 54(1)(a) & (5) of the Income and Corporation Taxes Act 1988.

If by chance you have any more trouble on this point, write to the District Inspector (whose name will be at the top of the letter from the junior inspector), asking him or her to transfer your file to one of his or her assistants who is more familiar with the relevant sections of the Taxes Act.

Woodland in trust

MY WIFE and I plan to make a deed of gift so that on our deaths about 20 acres of natural woodland passes to a local wildlife trust. We would like the woodland to be maintained by the trust in its natural state and would like to include a clause in the deed of gift to the effect that, if the trust should sell the land, then the proceeds would go to three or four charities equally, but none of the proceeds of the sale would go to the wildlife trust.

Our solicitor tells us (but we do not believe him) that we cannot include such a clause when we make a gift of the nature.

■ You could achieve your objective by a more specific provision, namely setting up a trust for the use of the wildlife trust so long as the land is retained in its natural state, with a gift over to the other charities if the land ceases to be so maintained.

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SPORT

America's Cup/Keith Wheatley

High noon on the high seas

EVERY SPORT needs a baddie. Right now billionaire yachtsman Bill Koch is fulfilling the role perfectly for the America's Cup. Koch used dollars (around \$75m of them) and science to eliminate veteran helmsman Dennis Conner from the chance to once more defend the Cup for the US. Today Koch races the Italian challenger *Il Moro* in the first of a best-of seven series.

"The Kansas Indians have a saying that the greatness of your tribe is determined by the greatness of your enemy," says Koch, whose family hail from Wichita, Kansas. "We think Dennis Conner is probably the greatest sailor that's ever been, so we're ecstatic to have beaten him to get to this point."

"I would attribute all our success here to Dennis pushing the hell out of us. We have made some technical innovations in the past month which we wouldn't have made had there not been this level of competition."

Nevertheless, a straw poll in the last few days by the Los Angeles Times among knowledgeable Cup observers failed to find a single one who thought that Koch would tri-

umph and sailing's oldest trophy would stay in America.

Their confidence in *Il Moro*'s chances stems largely from the Italian yacht's breathtakingfeat in coming from 1-4 down against the Kiwi favourites to win the challenger series 5-4. Skipper Paul Cayard was almost alone in still believing he could best the New Zealand sailing machine. Back at the *Il Moro* base his shore camp for the trip back to Venice.

By using the pressure from the bowsprit controversy Cayard was able to break the Kiwis, particularly skipper Rod Davis, psychologically. Everyone involved with Cayard refers to the 32-year-old's enormous mental strength - combined with an intuitive sailing flair which makes him Conner's natural heir.

It is a potent combination to pit against a cumbersome *America*'s brains' trust which Koch is skipper and steers once the boat is ahead. Olympic gold medallist Buddy Melges, 62, steers the tricky legs, and starting helmsman Dave Delenbaugh looks after the aggressive pre-guns manoeuvres.

Do they have trouble making decisions? "Sometimes yes, sometimes no," laughs the delightful Melges. Like Conner he grew up near the water, talking his way aboard the boat of anybody who would give him a crew job. His father was a boat-builder and Melges sailed solo at the age of six on Lake Geneva, Wisconsin.

"We weren't well-to-do," recalled Melges. "I couldn't afford a bike until I was in high school. Sailing to me was a form of transportation. I'd sail over to a friend's house and

then we'd race back to mine for supper."

He has moved into a different world now. *Il Moro* has a counterpart to Koch in financier Raul Gardini. The two men have a great deal in common. Both syndicate leaders have inherited sums in the region of \$500m from family businesses and both have used lawyers to secure the money from their nearest and dearest.

They have lavished similar amounts on their Cup campaigns and both are former maxi-yacht world champions. Where they differ is in their attitude to sailing. Koch has a hands-on approach, asking why he should pay for another helmsman's ego trip; whereas Gardini prefers to be the paying passenger.

He often occupies the spot aboard the LACC yachts reserved for the 17th - non-participatory - man. Cayard refers to Gardini as "the man who looks as if he is on fire", a reference to the boss's two-packs-per-race cigarette habit. There is no love lost between the two owners.

"Raul spent five to 10 times what

I did on his maxi-yacht and I still beat him," said Koch. "And I look forward to beating him again."

Koch's maxi *Mandator*, world champion in 1980 and '81, was the product of five year's research and a testament to her owner's faith in science, rather than art, making boats go fast.

To become defender of international sport's oldest trophy Koch has formed a huge team, dominated by technology rather than sailors.

More than half the 17 men on the *America*'s payroll are scientists.

"We are based on two principles," says Koch. "Science prevails over art in terms of achieving boat-speed and teamwork prevails over egotism."

Predictions about who will win the America's Cup are thicker in the air than LA smog. Rod Davis, skipper of New Zealand's beaten challenger, is adamant that the Cup is bound for Italy. "I haven't decided whether it's going to be 4-1 or 4-0 yet," he said.

"But I think *Il Moro* is going to give *America* a pretty good thrashing."

Dennis Conner, beaten by more than five minutes by *America* in the last race of the defender trials, tends to the opposite view. "Koch's yacht is a heck of a good boat," says the helmsman who hasn't been dumped from an America's Cup since 1974. "If they can sail it, we'll win."

Since the two boats have yet to meet head-to-head the form book is non-existent. Yet computer analyses from the dozens of races in the two sets of elimination trials suggest that *America* is marginally faster - about 1m 32s around the 20-mile course.

However, if it were settled on the quality of inventiveness one might feel that Gardini is already 3-0 up and ahead in the fourth race.

"I see Koch has suggested a new regulation where the owner has to steer sometimes," says Gardini. "It would be a silly rule if we all steered like he does. The only time we raced together directly, he lost."

Whether the Cup comes to Europe or is successfully defended in California, one name is already on the board for 1995. Dennis "don't look back" Conner is even now staking America's boardrooms, and has sponsors in place.

"I'll be back, stronger than I was this year," predicts the maestro. "We had worse defeats. Heck, I lost the thing in 1983 and it turned out to be the best thing that ever happened to the event. It put the cup and Dennis Conner on the map."

Golf/John Hopkins

Sweet Sandy swings back

THE sounds of approval that greeted the victory by Sandy Lyle in the Italian Open last Sunday could be heard from Land's End to John O'Groats. Lyle may be the most popular professional golfer on the European tour. One who does what he says he will do, never forgets a friend though a face might sometimes escape him. He remains impressively consistent, whether in victory or in defeat.

Lyle is more than just the most popular of men. He may be the most naturally gifted player, more so than Nick Faldo, Bernhard Langer, even than Ian Woosnam. He was an infant prodigy who was making sweet music with his golf clubs at an extraordinarily early age. At three, when he could comfortably pass underneath the handle of a trolley, he was able to hit a golf ball 100 yards or so with his teeny-weeny clubs.

Alexander Walter Barr Lyle

is a Shropshire lad who was

born in Shrewsbury and grew

up in the picture postcard

village of Weston-under-

Penyard. It is a forgotten area,

which time seems to have

passed by, down, just off the

Whitchurch-Shrewsbury road.

There were trees to climb,

caves to explore, a church with

a lych gate. Mostly, though,

he played golf.

He was fat as a child and

his nickname was Podge.

Therein lies the root of his erratic and ungainly

backswing. It was the only way

he could get the club around

his stomach. In his early teens

he contracted German measles

and retired to bed for three

weeks. While in bed he grew

three inches and lost two

stone. Although he was no

longer a fat boy, he retained

his eccentric backswing.

There are many stories about

Lyle. My own favourite tells

you something about him. I am sure it is apocryphal but if you promise not to tell anyone, then I will repeat it.

In 1988 on the night of the third round of the US Masters, a couple of mischievous

journalists came upon Sandy's

enormous shoes in the

clubhouse at Augusta. One

of the journalists scribbled a

note on a piece of paper and

slipped it into Lyle's shoe. "This

is your left shoe, Sandy."

It said.

The next day Lyle marched

to victory, a victory that was

marked by his fantastic bunker

shot on the 18th. At the end

of the round he removed his left shoe, found the piece of paper inside it and said: "I wondered what that was."

In 1985 Lyle became the first Briton since Tony Jacklin in 1969 to win the Open. It is typical of him that the next day a marquee was erected in the garden of his home at Wentworth and friends and journalists were invited round. Sandy washed the dishes in the kitchen. That is Sandy Lyle for you: Open champion one day, kitchen skivvy the next.

In 1987 I began to write a

book with Dave Musgrave, Lyle's caddie. The idea had been suggested several years earlier but Christine Lyle, who was Sandy's wife, put her foot down.

By 1987, Lyle's marriage had ended and all barriers to our book had therefore been withdrawn. I started work immediately. It was a memorable experience for two reasons. The first was that it allowed me to get to know Musgrave better. A man with a swing for every day of the month, he became a friend, a guide through the sometimes superficial world of professional golf.

While writing the book I gained an insight into the core of the professional tour. And I lost count of the number of flattering comments Dave made about his boss, and the perks that came with Musgrave's way, courtesy of Lyle, from first-class air flights to five-star accommodation.

"Sandy is the best bloke in the world to caddie for," Musgrave said at the time. "My wages must be the best on tour and when I stay at his home at Wentworth he brings me tea in the morning."

In 1989 Lyle returned to Augusta to defend his US Masters title. With him was his father Alex and his mother Agnes. Walking around watching an obviously

out-of-form Sandy was taxying for Lyle senior. He could not make out what was wrong. One minute Lyle would whistle out an enormous drive and the second shot, the next he would putt.

"You know what pleases me most, more than seeing Sandy win championships?" asked Alex.

"It is seeing the respect Sandy is held in by his fellow professionals. Every one has a word for him. That makes me very proud."

No more than the rest of the golf world is of his son. Welcome back Sandy.

Waiting for Imran: the absent captain has repeatedly come to Pakistan's rescue

Cricket/Teresa McLean

Pakistan opens without the master of the late entrance

lery, disruptive element.

In a long tour, after a hard but victorious World Cup with a month's unmitting celebrations afterwards, the problem is going to be keeping up the team's momentum and keeping its players together as a team. A set of meteoric personalities like these is liable to crack into factions under pressure.

Javed, Pakistan's captain, is a great fighter and an insatiable competitor, but he is not a man to ease pressure, or, I think, to use it to best advantage, which is one of Imran's strengths.

If they confront it right, the Pakistanis thrive on adversity. Sometimes it is almost as if they get into trouble on purpose, so they can come out of it all the more sensational.

"Forget all these worries about noballs and wides and just go and fight," Imran told his troops three games before the World Cup final, with three

wins needed to qualify. They qualified and won. If Javed can keep all the fighting directed against the enemy, he has some players of fearsome talents at his disposal.

England's best policy is probably to "try and stay cool", as Gooch put it when asked last summer how he helped his team face ferocious West Indian bowling bombardments. You would not find either Imran or Javed telling the Pakistani Tigers to try and stay cool, but they would find it frustrating if the enemy stays cool.

In Karachi, where Javed comes from, cricket is battle, and if the game itself fails to generate enough crackle, I would not be surprised to see him get himself involved in some sort of trouble associated with the game. This would be a sad second best.

Pakistan are disappointed that England are using English umpires for this tour, though they have

accepted the fact. This position, which has a certain ironic tinge to it, is a possible source of trouble under pressure, as is the over-crowded schedule crammed with one-day matches. England's desire for revenge after the World Cup, Pakistan's desire to complete their humiliation of colonial England and, of course, the ever-present tensions of Pakistani cricket politics.

Whether or not Javed and Imran end up playing this tour as a double act, it should be an exciting one to watch. Wasim Akram of Lancashire, Salim Malik of Essex and the injured Waqar Younis of Surrey have enough experience of English teams and conditions to give useful advice, though of course that can become too much of a good thing.

Imtiaz Alam, Pakistan's manager, with 12 popular years of leg-spin bowling and muscular batting for Surrey behind him (1969-1981), will have had that carefully. He should be a good man to help bring young Mushtaq Ahmed's bowling of wrist spin, leg-spin, googlies and flippers to its best.

And of course there is always Imran. The man who first spotted and fostered the talent of Wasim and Waqar, who picked Mushtaq as a worthy successor to the magical Qadir, another of his discoveries, and has declared the dynamic 22-year-old batsman imzamul-Haq to be a genius.

Who dare argue? Imran has an expert knowledge of cricket. He loves being in command; indeed, some say he was born to be in command. I wonder what odds are being offered on whether Imran will emerge from retirement this summer, for the very last time, to show his players how to play and win, even when it is impossible.

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It said.

The

PERSPECTIVES

As they say in Europe / James Morgan
Faraway troubles

"WE'RE not that worried by the war in Bosnia," said a colleague from Slovenia the other day. "After all it's 400km away." A paradoxical rule of life, which returns to accept is that the greater the distance, the worse the trouble. There were no anti-Vietnam war demos in southeast Asia in the 1970s because nobody there cared. In suburban Belfast they say that strife-torn Shankill is a world away. On the other hand, anxious parents in London fret for their daughter in Madras when an earthquake hits the Himalayas.

Confirmation of this came when I tried to make sense of events in Bosnia by looking at them from just up the road rather than through the British media. Slovenia's leading daily, *Delo*, shows that familiarity breeds nonchalance; it carries less news about the fighting than does *FT*. But nonchalance does not make anything easier to understand, witness the editorial, mainly about Croatia, in *Delo* headed "The forgotten war".

The writer, Goran Moravcek, does not like Lord Carrington. He "very often equates the aggressor with the victim so it is no wonder that Lord Carrington is still pursuing his catastrophic peace policy. The war in the states of former Yugoslavia is very probably seen by major western countries as a local struggle between frenzied tribes who do not know what they are fighting for."

Contradictions emerge, not just over poor Lord Carrington, who is expected to find a peaceful solution when the writer evidently believes there is not one. The south Slav story is hard enough to follow even without well-informed observers like Moravcek. He approvingly quotes the statement of the Croatian leader, Franjo Tuđman, that he is not

supplying weapons to Bosnia, while a paragraph later it is said that vast amounts of material are flowing from Croatia to Bosnia. Moravcek also asserts that Croatia is in a position to expel the invaders without outside help, and any external intervention such as a UN peace force would be counter-productive. A central figure is the Bosnian President Alija Izetbegović. Moravcek maintains he owes his position to the local Croats — if they had not risen against the Serbs, he would have been out.

If being more confused means one is better informed, then I had benefited from reading this account. But the Germans would be more helpful. I thought. After all, they know the Balkans better than the rest of us.

I relied on *Die Welt*'s Vienna-based expert, Carl Gustaf Ströhm. From him I learned that the Bosnian leader has a local critic — the President of the Moslem National Council of the Sandžak, Suljman Ugljanin.

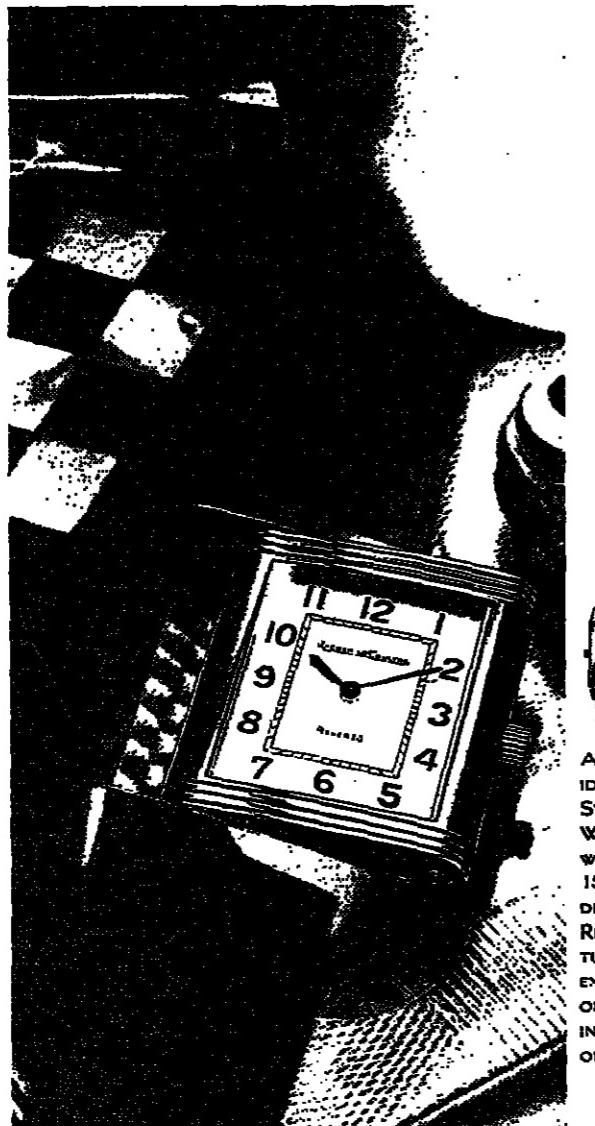
This highlights the hitherto unreported row (yes, another one) between the Moslem population of Bosnia and that of the Moslem enclave in Serbia. Ugljanin says he admires the will of Izetbegović to settle things peacefully. "But it is madness to think that all this can resolve in a peaceful manner." Maybe the trouble is that "all this" is a local struggle between frenzied tribes who do not know what they are fighting for.

Which brings us naturally to the German strikes. The attitude of the press seemed to harden last week. Writing of the piles of rubble, Bernhard Blohm, also in *Die Welt*, said: "The strike stinks in the truest sense of the word, and ever more those struck against, the citizens of this land, are in a stinking rage over this

■ James Morgan is economics correspondent of the BBC World Service.

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Voice of protest: members of the Mothers of the Plaza de Mayo gather in Buenos Aires

insulting the presidency by calling Menem "trash". The prosecution demands a five month jail sentence.

The Mothers are still closely watched by the security services and it is probably correct that their phones are tapped. Their office was broken four times last year — unusual for a relatively crime-free city like Buenos Aires.

Many Argentines agree with Menem and want to put memories of "days of lead" of the 1970s behind them. They look instead to the future: the economy is booming, and the government promises that sooner or later Argentina will become a respected member of the free world of rich countries.

However, as the Mothers' litigations points out, their 15-year battle has conclusively proved the "hypocrisy of the institutions, the perversion of the system, the prostitution of officials". Argentina still owes them truth and justice.

They will only agree to memorials or reparations when all the 30,000 have been identified or accounted for. That will probably never happen. Yet the Mothers can draw grim satisfaction from the public's reaction to rare appearances by stalwarts of the military regime. de Bonafini says that when Ramón Camps, once the dreaded Buenos Aires police chief, entered a cafe recently, he was refused service and clients began leaving.

The Mothers' marginalisation is partly their own fault. They are given by internal bickering and have split in two factions. One is a moderate, broad-based group. The other is stridently left wing, attacking Menem as much for his conservative economic policies as for having pardoned convicted torturers and murderers.

They still remain active in human rights work. Although democracy was restored ten years ago, Argentina's police retain a fearsome reputation. Beatings and torture are common and summary execution of suspected criminals is on the rise. Now, as in the 1970s, the courts rarely give redress.

Perhaps the most remarkable part of their work has been the effort to track down and recover children born in captivity and given to foster parents after their mothers were executed. In a few cases, babies were stolen and their mothers released. Seven infants are known to have been murdered.

A sister organisation, the Grandmothers of the Plaza de Mayo, is dedicated to finding the grandchildren they have never seen. They have located 50 children, half of whom now live with grandparents or relatives. A further 18 remain with their adoptive families after it was established that the foster parents had acted in good faith and were not involved in the death of the child's parents. Five cases remain in the courts.

The Grandmothers have proof that 213 children were kidnapped, which leaves 163 still missing. However, they suspect that far more, probably over 300, were taken. Miraculously, many of those recovered have grown into well-balanced teenagers who have come to terms with their traumatic past.

The Grandmothers themselves say, they are literally working against the clock. They are storing blood samples that can be used to establish the true identities of their missing grandchildren through sophisticated biogenetic testing long after they have died.

Mothers who mourn their lost innocents

PRIMPTLY AT 3.30 every Thursday afternoon in Buenos Aires, a group of ageing women don white headscarves and begin walking, as they have every week since 1977, anti-clockwise around the monument to Argentina's independence in the Plaza in front of the Casa Rosada presidential palace.

The military regime responsible for the "disappearance" of up to 30,000 people may have fallen a decade ago, but the women — known around the world as the Mothers of the Plaza de Mayo — still gather every week to demand the truth about their sons, daughters or husbands.

Thursday April 30 was the 15th anniversary of the foundation of the Mothers of the Plaza de Mayo. Although the Mothers' courage and determination has made them internationally famous, they still have little to celebrate.

They have only been able to account for 9,000 out of 30,000 believed to have been "disappeared" — that chilling euphemism for execution — under the

1976-83 military regime. The guilty remain un punished: three army militiamen forced the government to halt prosecutions, so only 39 senior officers were ever brought to justice. Carlos Menem pardoned them all after becoming president in 1989.

And perhaps worst of all, the Mothers

names of their missing relatives and the motto "Truth and Justice".

Even today they have not given up. Rebe de Bonafini, the group's stout and energetic founder who lost two sons and a daughter-in-law, says: "I do not look for them any more. We are reminding everyone every day of things they want to forget. We are doing this for the young generation, so that these events are never repeated."

But at the Thursday gatherings, most of the people who stop to watch are passers-by or tourists. Only a few are dedicated supporters who walk with them around the independence monument. Fewer still are under 40. The Mothers have blurred into the political landscape. They are usually ignored, except on special occasions — such as last month — or when one of them gets into trouble with the authorities.

They hate Menem for freeing the guilty soldiers in the name of national reconciliation. He loathes the Mothers in equal measure, never losing an opportunity to attack them: the government is prosecuting de Bonafini for

are becoming irrelevant.

They came together by chance in 1977 after a few women had tried to petition the juntas for information about the missing. They agreed to meet every week until the disappeared reappeared alive — an act of outstanding courage that cost three Mothers their lives. To circumvent bans on demonstrations, they strolled around the Plaza wearing headscarves embroidered with the

names of their missing relatives and the motto "Truth and Justice".

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Motoring / Stuart Marshall The Metro's transplant

TWO NEW versions of Rover Group's Metro — an automatic and a diesel — went on sale this week. They are so good that it really is high time the car was given a name properly reflecting its status.

Eleven years ago the Austin Mini-Metro was launched as an intended successor to the already 21-year-old Mini. It was quite successful, not least because it was the obvious car for Mini owners to trade up to.

But there were quality and reliability problems. The power train — the Mini's growly pushrod engine with a 4-speed gearbox buried in its sump — was past pensionable age.

Gradually, people who might otherwise have bought Metros went in for more up-to-date Ford Fiestas and Nissan Micras, Vauxhall Novas and VW Polos instead.

Two years ago everything changed. The Metro had a heart and lung transplant. Out went the geriatric engine and four-speed box. In came Rover Group's outstandingly efficient K-Series overhead camshaft engine; a new Peugeot-designed four or five-speed gearbox; and Hydragear suspension. It was virtually a new car, even though it still looked much the

same as the old one. And build quality had improved beyond recognition.

From trailing the supermini field, Metro had found its second wind and was up near the front. Two years on, it is still there, which brings me to its name. Why not recognise its role as starter model for the Rover marque and badge it as a Rover 100?

It is already called that on mainland Europe where they think of a Metro as an underground train. Giving it the title of Rover 100 in Britain would lay the Austin ghost and be an honour long overdue.

The five-door Metro 1.4S automatic with an exhaust catalyst which I tried last month was the best small two-pedal car on the market. Its Volvo-developed continuously variable transmission (CVT) is much simpler than a conventional automatic.

I found it quick off the mark and very lively indeed when overtaking. It romped up steep hills and restarted easily on a 1-in-4 gradient. Finish inside and out was good, the whole car felt taut, the seats were soft yet supportive and the ride by far the best in the Metro's size and price class.

It may not be important to those who will buy it as an

easy-drive runabout, but it handles beautifully on corners and has all the roadholding one can safely use. The steering is very light on the move and not objectionably heavy when parking. Even so, I have to admit there is nothing quite like power assistance, which is not available on the Metro, for truly effortless parking and low speed manoeuvring.

Early cars with CVT were odd to drive. When accelerating from a standstill, their engines raced up to high revolutions and the car's speed rose slowly in response. But the Metro behaves more like a car with a super-smooth conventional automatic in which gear changes are undetectable. (The CVT has no gears at all).

It is very quiet mechanically.

At a motorway cruising rate

the loudest noise was the swish of tyres and a fair bit of wind roar from the sunroof.

The CVT is available in

seven Metro models from the entry level 1.4L to the sporty GTi at list prices ranging from £9,197 to £12,418. All have the 100 mph (61 kph) maximum and will reach 60 mph (96 kph)

from a standstill in just over 11 seconds. Fuel consumption should be around 35 mpg (7.45 l/100 km) provided you are not ledon-footed or make only very short journeys.

The new Metro diesel is just as impressive. Its 1.4 litre

engine, a PSA Group product,

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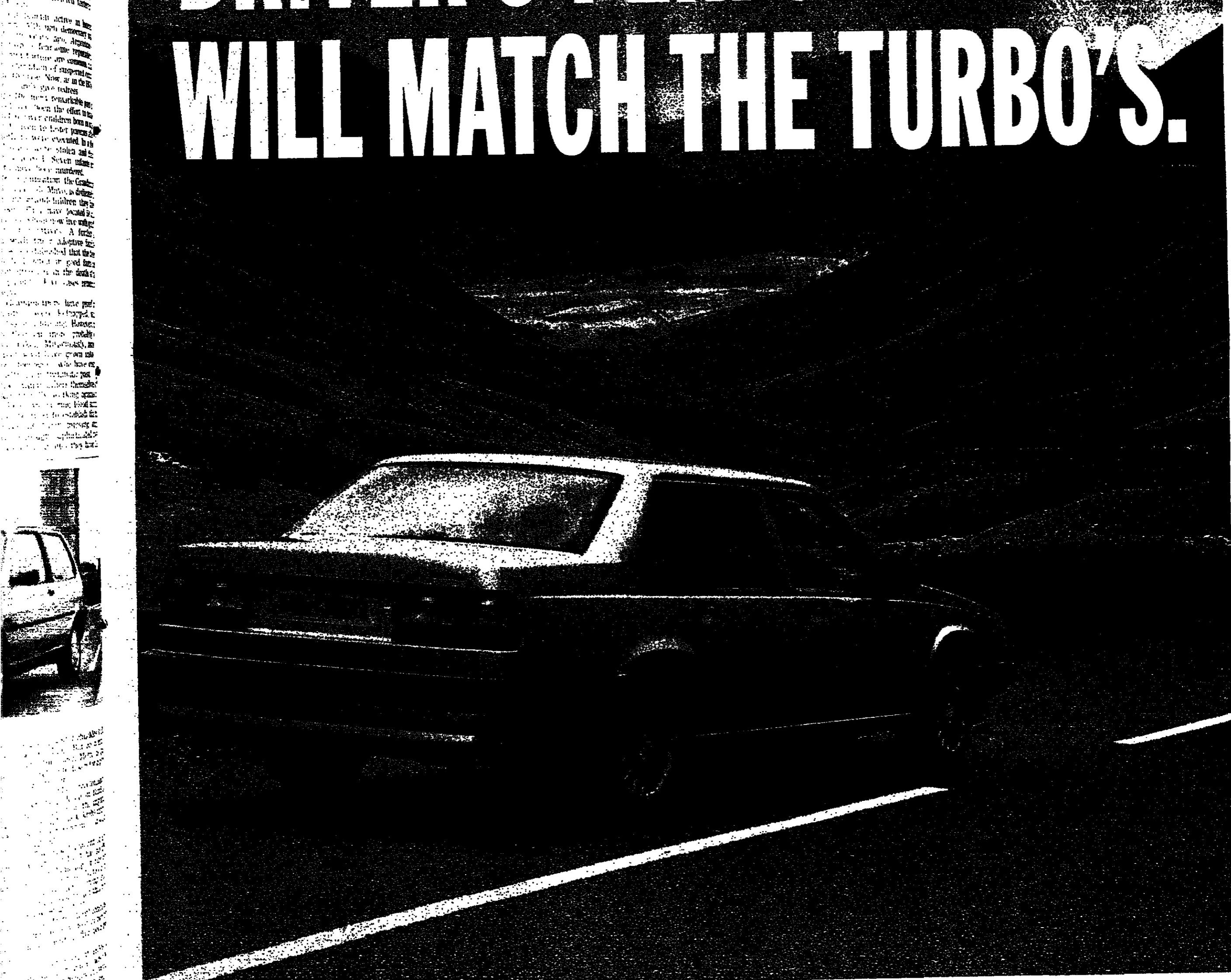
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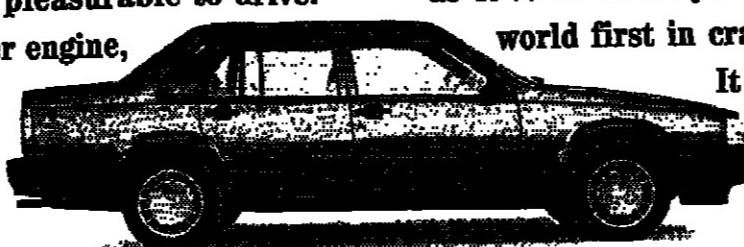
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a Davenport
is life
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Toasting the dead at the end of the earth

WHEN NINO Ivanishvili was 16 and studying English at the University of Tbilisi, she spent her summer vacation in an isolated village high in the Caucasus mountains. It was here, one sunny afternoon, that she was kidnapped by a young man driven half-mad by the sight of her bathing in a nearby mountain stream.

Without knowing it throughout the summer, Nino had been under the constant observation of the son of one of the peasant families in the village, a young man of few words and strong passions. Normally she would have been safe from such attentions, for the code of social conduct in these mountains is strong. But this is also an area of fierce and enduring blood feuds. The fact that Nino was the guest of a family engaged in a vendetta with the young man's family made her fair game and an object worthy of that.

If it had not been that Nino's screams were heard by her hosts as the young man threw her on to a horse and galloped into the hills, Nino today might be a mountain man's unwilling wife rather than a professional translator. A mounted chase ensued, rifle fire was exchanged, and the young man eventually relinquished his prize and retreated. Nino subsequently made a rapid return to the city.

"What is the name of the place where this happened?", I asked Nino when she had finished telling me this story one afternoon not long ago. We were sitting in a gloomy restaurant of an exhaust-choked street in Tbilisi. For months the Georgian capital had been an unhappy place, beset by political violence, shortages and insecurity. But up above the level of the street, over the smog and strained faces, I could see a serene blue sky, and imagined it set against snow and high mountain passes.

"It is called Svaneti," she replied. "It is far into the Caucasus, and very difficult to get to. There probably isn't even enough petrol available these days to get there." Immediately I wanted to go to

Svaneti, and persuaded Nino to take me there, petrol or no petrol. Anywhere where such recklessness and evil robbery could still take place must, I reasoned, be well worth a visit.

Svaneti, in the high Caucasus of north-western Georgia, is indeed a remote and inaccessible area, and it took us 14 sleep-jetting hours in a Russian-built jeep to get there. We were not the first to go by motorised vehicle - rough, unpaved roads first began in the late 1930s - but Svaneti continues to be the wildest wheel-drive driven region in the trans-Caucasus.

In fact, what little I had been able to pick up about the Svans, a proud and fiercely independent people with a reputation for violence, left

Nicholas Woodsworth finds a warm welcome among the fearsome Svans of Georgia

me hoping that 50 years of socialism had at least had some calming effect on their character.

Certainly pre-communist Svans had little respect for outsiders. In the late 19th century, I learned, Pata Dadeskheliani, a feudal lord from the Georgian lowlands, foolishly tried to extend his influence into Svaneti. The Svans invited him to a meeting in front of one of their churches, whereupon the entire congregation helped pull a string attached to the trigger of a rifle, thus giving each present the pleasure of killing the intruder.

Perhaps the Svans had been right to resist foreign intrusion; Soviet socialism has left ugly traces on the face of Georgia. Heading westward over the plains towards the Black Sea, we drove past factories where chimneys belched toxic green smoke onto adjacent vineyards, past concrete housing developments hunkering in the middle of vegetation.

"They mark places where people have been killed in road accidents", Nino shouted back. "When friends or family pass by, they stop and toast the dead with a drink." Judging by the number of shrines and two glasses.

"They mark places where people have been killed in road accidents", Nino shouted back. "When friends or family pass by, they stop and toast the dead with a drink." Judging by the number of shrines and

he plots, past state co-operatives where cannibalised tractors and farm machinery littered the fields.

But communism has had a tougher time making marks on one of the world's great mountain ranges. From the sub-tropical plantation town of Zugdidi, near the Black Sea coast, we saw the Caucasus rise with little warning, dark and massive, above citrus groves and long alleys of tea bushes. Half-an-hour later we were into the hills, and had left the world of socialist reconstruction behind.

This is a wild, rough land. The higher we climbed, the more rugged and unfinished-looking the mountains became. 15,000 ft summits left the road in shadow. Boulders the size of houses were strewn through river valleys. Great chunks of fallen mountainside sat battered and raw at the bottom of deep canyons. Wherever wide swaths of pine forest had been knocked down by avalanches bare rock and torn soil lay exposed. In the Caucasus, it seems as if the work of creation is still in progress.

Even the people we passed had a rough, primitive air. Riding stocky Caucasian ponies, their bristly, unshaven faces surrounded by caps of brown felt, the men looked like brigands. Their women, dressed in black woollen skirts, trudged along the roadside bent double under the weight of heavy backpacks. Some of the locals, apparently, had not even discovered the wheel, or at least discarded it in use - they were dragging tons of firewood along the muddy road on sleds of heavy wooden runners.

"What are those shrines?", I shouted to Nino as the jeep bucked round hairpin bends under the direction of Otar, our maniacal Georgian driver. I pointed to a curious roadside construction, something like a telephone box, where inside, on a little shelf, I could see a framed photo, flowers, a bottle and two glasses.

"They mark places where people have been killed in road accidents", Nino shouted back. "When friends or family pass by, they stop and toast the dead with a drink." Judging by the number of shrines and

empty bottles piled beside them, crashing cars and toasting the dead are equally popular activities in these mountains.

Upwards through the Svan homeland we drove, until we could drive no further, and stopped at Ushguli. At 7,200 ft it is the highest permanently inhabited village in Europe, and had only a gentle cattle farmer.

The 19th century English traveller Douglas Freshfield described the Svans as "the most savage and dangerous-looking set of people I have ever come across." Entering Svan villages, he encountered inhabitants who, "railing and babbling, barred the way, while others brandished swords, daggers and pistols."

But unlike Pata Dadeskheliani or

Douglas Freshfield, we skidded up through the muddle-sodden lanes of Ushguli unarmed and without hostility. In return, the villagers who, "railing and babbling, barred the way, while others brandished swords, daggers and pistols."

comfortably installed in a kitchen full of the odours of good things cooking, and warming ourselves with the help of a cast-iron stove and glasses of mad made from apple honey. Our host, Kolia Nigadze, may have looked like a wild-eyed hermit, but a rough demeanour hid only a gentle cattle farmer.

Perhaps it is their demanding environment that makes the Svans look so tough. Winters in Svaneti last eight months, with temperatures often dipping below -30°C. Snowfalls are extremely heavy. When a Svanetian tells you he is frequently cut off from the outside world, he does not merely mean that the roads are blocked, but that he cannot get out of his front door. Snow is sometimes so deep that the houses of Ushguli disappear entirely.

In times like these, and when avalanches roar down the slopes of the surrounding mountains, Svanetians



Mountain women - but despite their fearsome reputation, the Svan people are traditionally hospitable to visitors

with which he is plied from morning to night.

The sun shone, the birds sang, the snow above us glittered in the thin mountain air. Nino, Otar and I wandered among the cows and goats scattered on the alpine pastures surrounding the village. We climbed watchtowers and visited the church where Pata Dadeskheliani came to a sticky end. We gorged ourselves on a suckling pig killed in our honour. We listened to stories about bear hunting, mountain trout fishing and killer avalanches. We were toasted in vodka that ran like water. We sang Georgian counterpoint in three-part harmony.

We did, in fact, just about everything that pleased us, with one exception. When Otar and I suggested a swim in the clear mountain stream that ran through the hills not far from the village, Nino, for reasons of her own, declined to join us.

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SELF CATERING

PROPERTY

Town and gown don't mix much

John Worrell finds that Cambridge has too many cars and not enough residential roads

THREE IS a touch of oil and water about Cambridge.

This flat Fenland city, on a quiet tributary of the river Great Ouse, has among its 103,000 residents 14,000 university students, 2,000 polytechnic students and, at any one time, an indeterminate number of temporary foreigners learning English. Its student population is the highest per capita in the UK. Including teaching staff, and the staff to service them, the academic fraternity accounts for nearly a fifth of the city's population. But the academics barely mix with the indigenes.

In the last decade or so,

another globus has appeared in the form of new industries drawn by the university's cerebral power. This section of Cambridge's population is slightly more assimilatory, because its members tend to be there longer-term. But a good number of its higher paid workers drive in each day from elsewhere, thus contributing minimally to the city community and massively to the city traffic.

The effect on the city's housing market is complex and difficult to quantify. Relatively high wages from an inherently strong local economy, with a largely recession-proof educational element at the heart of it, would seem to be a plus. Cambridge has weathered recession relatively well so far. But it is a two-edged sword for the community as a whole.

At the bottom end, relatively affluent students can usually outbid low earners for private rented accommodation. To the average householder, £50 or £60 per head per week for bed and breakfast from people who are otherwise hardly in the house is preferable to tenants on income support or housing benefit who may be there most of the time.

Last year Cambridge City Council accepted 307 statutorily homeless families. That comes close to 1,000 people; a very significant proportion of the non-academic community, and one which has grown from almost nothing in 10 years. Such families accounted for 75 per cent of council housing allocations in 1991, and their numbers are expected to increase.

The demand for rented accommodation stems not so much from the university (92 per cent of its undergraduates and 30 per cent of its postgraduates live in college residence or in rooms in university-owned houses), but from the more recently expanded polytechnic and language colleges which are less able to house their students.

By the same token, you would suppose that demand in the renting sector would offer an opportunity to hard-pushed mortgagors on the lower and middle rungs of the housing ladder to let out a bedroom or

two. There are no reliable figures on how many actually do so, because most people do not inform their lender that they do so — though they are supposed to. Estate agents say that repossessions have increased (the first question from cheerful potential purchasers is often whether any repossessed houses are available); but most agree that Cambridge seems to have avoided the worst effects of the housing downturn.

Cliff Verrill, assistant general manager of the Cambridge Building Society, confirms this: "There has been a slight increase in arrears, but we do not have a problem. Cambridge as a whole is certainly not as bad in that respect as other parts of the country."

He adds that where problems do occur, his building society is naturally keen to do everything to help borrowers in any way possible. "We do not actively promote the renting ethic, but if borrowers are in trouble, renting is certainly one option they could look at."

Although there was a substantial drop from the peak of 1988, a price survey by the society showed that average city centre prices were holding up reasonably well. At the end of December 1991 they ranged from £25,000 for a small terrace to £102,000 for a modern detached house. While that generally represented a small drop over the preceding year, small terraced houses had

actually risen in value, somewhat against the trend elsewhere in East Anglia.

To some extent this may be explained by captive demand in a relatively buoyant city. "City properties are easier to sell than country properties," says Martin Green of Catlings, the house agents. "That has always been the case. And there is always a demand for correctly priced first-time buyers' houses."

But as Ian Purkiss, of estate agent Hockney, points out: "A healthy letting sector means that there are always small speculators who will try to buy with a view to letting. A house worth £55,000, let to four students, would probably produce about £250 per month, which isn't a bad return."

At the upper end of the market, much of the quality housing in the central area is already owned by the colleges of Cambridge University — constantly in the market for more housing to accommodate their students and staff. Anything of the right quality in the right place with the right planning profile (the city council is not always willing to see large houses divided into small units) is usually snapped up. Most vendors are aware of this specific demand, and properties often sell without reaching the open market.

But supply is limited. For the fact is that beyond the Backs along the river Cam, the colleges, and the ancient streets

of the centre, Cambridge is a surprisingly bland city, with rows of Victorian, Edwardian and inter-war property, and a very limited supply of distinctive housing. As Jocelyn Lloyd-Jones of Bidwells puts it: "Cambridge is not blessed with its fair share of prime residential roads. One could perhaps name half a dozen good roads, and after that one is struggling. What has been proved time and time again throughout this last year in Cambridge is that location counts more than anything when it comes to a difficult market."

No one presumes to know where the market will go from here. Economic uncertainty and election prospects are invoked as reasons for not giving a view. What is clear is that the new industrial base which the cerebral power resources have attracted and nurtured is a resilient creature in the face of the present economic malaise.

Despite its share of casualties, it seems to be self-regenerating; it looks set to grow as much as economic conditions and planning considerations will allow. Its demand for housing for its highly paid employees tends not to be directed at the city so much as at Cambridgeshire's outlying villages — hence the commuting problem. Most local feeling is that the further out housing is pushed without curbs on employment, the worse will the traffic problem become.

A move to eternal values

ARE YOU looking for an old rectory? And hoping to buy it immediately the person moves out? You will find unexpected snags and attractions, and a delightful bonus under a law passed 216 years ago.

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There will be plenty of bedrooms, larders and outbuildings, and you can be sure of at least three decent reception rooms. (The parson needed a study to write his sermons.)

It is not surprising that rectories have been so popular. The Church has been selling them hard since the 1950s, but by now it has very few such properties left. If one does come up, it will get special attention, even if it looks a mess and the garden is a jungle.

It is bound to need painting, but the fabric should be sound — thanks to the Church's system of five-year inspections. And as the first private buyer, you have a rare chance to do it and put in bathrooms the way you want, rather than suffer some intervening owner's "improvements".

Do not get upset if negotiations take time. The church is an institution for eternity, which is how it sees its investments and its property. Furthermore, the house could be sold with more restrictions than you expected, although these are hardly likely to impede you. You will almost certainly be forbidden to turn it into a pub, or to make noise during services in the church next door. And you probably will not be allowed to call it the Old Rectory. The usual reason given is that people seeking counsel may come to the wrong house (although only three lots of giggling couples came in the early years to our former rectory — they wanted me to marry them).

In pre-pol tax days, parson-

ages were re-rated when they went private. Something similar will happen with the council tax. Our rateable value went up eight times, which affected the water bill. If there is a meter, it could pay to negotiate to keep it and be ahead of the crowd, when meters become mandatory in a few years.

If you buy glebe land for a pony paddock, beware of a hazard called chancre repair liability. Glebe is land used by the parson to supplement his income, either by letting it or working it himself. Since before the Reformation, the owner of the glebe has had a duty to pay for repairs to the church's chancel. In effect, the parson paid to maintain his holy bit of the church at the east end with the altar.

This arcane liability can pass to any succeeding owner, although it is most unlikely that any parochial church council will invoke it. But because it is a charge on the owner, and not on the land, it will not show up in normal searches.

The Law Commission recommended that the liability be repealed but the lord chancellor's department has still to decide if it will introduce legislation. In the meantime, it might be wise not to raise the matter, as the parson and church council may be unaware of the liability.

If you are worried, though, go to church and see what you might be letting yourself in for.

If the chancre looks in bad shape, suggest your solicitor seeks an indemnity against liability from the diocesan board that will be handling the Church's negotiations.

The good news is the Ecclesiastical Residences Act 1776. It says that when a rectory moves from Church to private domain, you do not have to pay stamp duty.

Finally, when you complete the sale, the parson will sign as the vendor — because what you have just bought is, by long custom of the church, the parson's freehold.

Gerald Cadogan



Gown... colleges such as St John's are a big draw



Town... Cambridge's old-world charm is much in demand

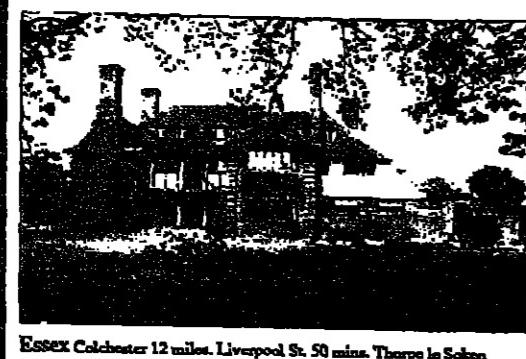
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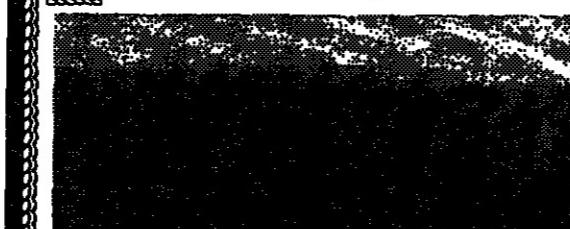


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THE BYWAYS of literature, like those of a city, can lead wanderers to unexpected delights. Elisabeth Henry's book exemplifies this. In equal parts charming and fascinating, it sets out to explore the Orpheus myth, and in the process ranges with marvellous ease across time and the breadth of our culture. We move in the company of Aristotle and Apollonius Rhodius, Virgil and Monteverdi, Milton and Keats; we discuss Plato's views on the soul's immortality, and Garrison's recently staged *Trackers of Oxyrhynchus*. We explore the psychological effects of music; we witness conflicts between

ORPHEUS WITH HIS LUTE
by Elisabeth Henry
Bristol Classical Press (Duckworth)
£30, 228 pages

classicism and romanticism; we ponder sexual love, religion and mysticism. This is a rich mixture, but so lightly confectioned and elegantly served as to be irresistible.

It is not surprising that a book on Orpheus should range widely. The story touches so many nerves that it is hard to find a single area of human creativity unaffected by it. It is like the note which, when struck, sets all the strings of the orchestra thrilling in resonance.

At school, reading Virgil's *Georgics*, we learned that the beekeeper Aristaeus pursued Eurydice, who stepped on a venomous serpent as she fled. Aristaeus' bees died, and when he consulted the reluctant and metamorphic seer, Proteus, to find out why, he learned that it was punishment for Eurydice's death and its still more tragic sequel. For Eurydice was Orpheus' betrothed, and when she died he sought her in Hades, employing his potent music to charm its rulers. They agreed to let him take Eurydice back, provided he did not look at her until they attained the light.

But he did look; and lost her again, this time for ever. He wandered the country in an agony of grief, playing music



Lord Leighton's 'Orpheus and Eurydice' is at Leighton House in London.

of indescribable beauty and sorrow. His music tamed savage beasts, who came and mourned at his side; and cliff tops and huge oaks uprooted themselves to follow him. But female votaries of Dionysos, drunk and inflamed in their revels, angry that he refused their invitations to sport with them, one night attacked him and tore him to pieces. Virgil says that as his head floated down winding rivers to the coast of Lesbos his deathless tongue cried, "Eurydice, Eurydice!"

Much has been made of Orpheus's fatal backward glance. Leighton's painting of the moment, with Eurydice imploring Orpheus's gaze, inspired the eroticism of Browning's verse: "But give them me, the mouth, the eyes, the brow! Let them once more

absorb me! Once look now! Will wrap me round for ever." In Monteverdi's opera, as in Ovid, it is not Eurydice's importunity but Orpheus's anxiety that prompts his disobedience to the gods; his turns because he is afraid she has weakened or fallen.

But the backward glance has been emphasised chiefly by Romanticism, shallower than its rival tradition. It is notable that Eusebius, writing in the fourth century, depicts Orpheus as subduing the powers of hell with his mystery; but Poliziano, in 15th-century troubadour style, has him begging Persephone to " pity a poor lover."

Eusebius invokes a majestic Orphic theme: the power of music, which can heal and charm, reveal truths, put man in communion with the divine.

THE TIDE of taste ran strongly in Housman's favour during his lifetime - copies of *A Shropshire Lad* were in great demand during the First World War - and it turned against him when he died in 1936. Cyril Connolly, writing then in the *New Statesman and Nation*, declared:

"The truth is that many of Housman's poems are of a triteness of thought equalled only by the banality of thought; others are slovenly, and a quantity are derivative - not from the classics, but from Heine, or from popular trends - imperialism, place-nostalgia, games, been - common to the poetry of his time. A *Shropshire Lad* includes with some poems that are unworthy of Kipling others that are unworthy of Belloc, without the excuse of over-production through economic necessity which those writers might have urged."

Further stick came from within Housman's own citadel of Cambridge where attacks on him were launched in *Scrutiny*. F.R. Leavis and I.A. Richards were enraged by Housman's Leslie Stephen Lecture *The Name and Nature of Poetry*, delivered in 1933, with its denigration of the Metaphysicals and most of the English 18th century poets, and in which Housman propounded his famous razor test for poetry: "Poetry indeed seems to me more physical than intellectual... Experience has taught me, when I am shaving of a morning, to keep watch over my thoughts because, if a line of poetry strays into my memory, my skin bristles so that the razor ceases to act. This particular symptom is accompanied by a shiver down the spine..."

T.S. Eliot had, however, some good words to say for the lecture, and the new young 1930s "Macspauday" poets (Roy Campbell's useful abbreviation), especially Stephen Spender, did admire Housman; or seemed to until Auden put the boot into Housman in his cruel sonnet about him. "Deliberately he chose the dry-as-dust, kept tears like dirty postcards in a drawer..."

But since the Second World War the tide has turned once more, and as these two books under review testify, Housman's work has been kept alive by new and ever more complete editions - a quantity of his poetry remained unpublished at his death - and by biographical revelations.

As is now well-known, Housman was homosexual but powerless to do much about it. The great love of his life was a fellow undergraduate Moses Jackson who appears to have been completely indifferent to him sexually and who got married sometime after Oxford without telling Housman. His career was spent largely in India so that Housman rarely saw him,

making memories of him all the more powerful.

As a Cambridge Professor of Latin and a Fellow of Trinity, Housman (after ten years as a dogsbody in the Patent Office) was by then largely restricted for his social life to the donnish world of High Table; in term time at any rate. As an enthusiastic pioneer air passenger Housman did fly off in the vacations to places like Paris and Venice, where he seems to have enjoyed a special relationship with his gondolier. Some cryptic notes in his hand on a piece of card that has survived suggest he may have gone in for rented male companions in the French capital.

All this stands today as the sub-text to the poems about red-coats, bugles, revolvers, athletes, lost love, lads, lasses, and public hangings, those poignant lyric poems full of memorable lines like "An air that kills . . .", highly individual versions of English pastoral Christopher Ricks did a useful job a few years ago editing the poems. His Penguin, *A.E. Housman Collected Poems and Selected Prose* (1988) gives to the ordinary reader all he needs of Housman's work in one convenient inexpensive volume. A complete edition, based on fresh scrutiny of the heavily corrected manuscripts by Archie Burnett, seems to be on the way.

Both Bayley and Jebb compare Housman to Larkin. There are striking similarities between the two bachelor poets, most obviously in their insistence on several degrees of separation between the private secret self manifest in the poetry, and the public existence and activity of the professional man: the professor of Latin literature and textual scholar in the one instance; the university librarian in the other. Both happened when they were young men to be students at the same Oxford college, St John's, and both as old men left their unprinted papers in a mess for their executors to tidy up.

Bayley claims that there is an even greater kinship between them than merely one of external stance and of shared attitudes (pessimism about sexual happiness, acute consciousness of deprivation, religious scepticism); he argues that there is a kinship in the way their poetry works in the mind of the reader.

"Meeting Housman or Larkin in their poems [he writes] can be like experiencing

a change of consciousness. Poetry like theirs gives us an abrupt feeling of what it is like to be someone else, putting us in touch with them more immediately, and as vividly, as might in other circumstances be the case with a novelist and his characters".

The comparison with Larkin is but one of many with the work of other poets made by Bayley in his attempt to define Housman's deceptively simple directness. Emily Dickinson, George Darley, Sturge Moore, John Davidson, Walter de la Mare, Warner de Tabley, Paul Celan (the modern German poet of the Holocaust, author of *Death Fugue*) are some of the surprising names he throws into the ring alongside the expected ones, Shakespeare, Daniel Collins, Browning, Yeats. The book, though short, is taut and illuminating: it may be read not merely as a reappraisal of Housman but as a meditation on the nature of poetry by a leading member of the Oxford English school.

In seeing Housman in such a wide, international perspective Bayley tends to neglect his local habitations and his home. These have been gone into more than enough already. He does not, for instance, comment on the one poem Housman wrote about Oscar Wilde (without actually naming him): "Oh who is that young sinner with handcuffs on his wrists?" By contrast Keith Jebb, whose first book this is, closely examines this poem and the possible impact on Housman of the Wilde trials - they came on at around the same time. A *Shropshire Lad* appeared. Jebb, who is perceptive about Housman the man as well as the poet, was born in Shropshire. His short book, which starts splendidly and then seems slightly to run out of steam, is part of a series, *Border Lines*, dealing with writers and artists whose work and lives stem from the Border country between England and Wales.

Housman was not a Salopian born and bred. He grew up in neighbouring Worcestershire in a large family headed by a wheet father but managed by a caring mother whom he loved dearly, and, after her death, equally well by a friendly step-mother. Ludlow and Shropshire at the period of the Boer War were for him legendary inspirational romantic regions, not areas he knew at all well at first hand. Nonetheless, like Shakespeare and Venice, he brings them to life with a sense of plausibly realised actuality. The relevance of his poetry, several wars and holocausts later, is something made abundantly clear by both these books. Connolly's final twist of the knife was his remark that Housman "will live as long as the BBC"; but it begins to look as if Housman will be the more enduring of the two.

Sweet desolation of freedom

TONI MORRISON'S fifth novel, *Beloved*, which won the Pulitzer Prize in 1988, explored the immediate psychological aftermath of slavery in the US during the post-Civil War Reconstruction era. Considered as a sequel, *Jazz* is set in Harlem in 1926 among the burgeoning community of African-Americans who fled north after emancipation to escape endlessness and lynchings.

While the novel's unnamed narrator hymns "the City" in confiding, colloquial tones, relating snatches of melody from street-corner musicians and ubiquitous Victrolas, the Jazz Age and the Harlem Renaissance are only obliquely evoked. *Jazz* is present principally as a motif, signalling a new freedom and sensuality alongside an overwhelming compulsion to forget. "Here comes the new. Look out. There goes the sad stuff. The bad stuff. Forget that. History is over, you all, and everything's ahead at last."

The vision proves illusory for Joe Trace, a door-to-door beauty producer salesman and his wife Violet, who arrived from Virginia 20 years earlier on a "dancing train". The novel begins as Joe has shot dead his young lover, Dorcas, whose face Violet has

attempted to slash with a knife at the funeral. It is the complex motivations behind this melodrama that unfold through the fragmented narrative, with its shifting viewpoints and its flashbacks to the south of families dispossessed, houses burned, men hanged and mothers absent or suicidal.

Through Morrison's fictional "re-remembering" of forgotten black histories she suggests the delusory nature of free action where the determining demons of the past have been neither exhumed nor exorcised. The music that expresses freedom's "sweet desolation" also contains a "complicated anger", disguised as "flourish and roaring seduction", that can trigger self-destruction.

Yet, in a narrative twist, *Jazz* reaffirms the possibility of freedom, of transcending rather than succumbing to the past as "an abused record with no choice but to repeat itself at the crack". In place of the sensational events initially promised the reader, Joe and Violet opt for a healing, even cloying, reconciliation, for "figuring things out". The storyteller confesses both her power and her inadequacy, her characters having been "busy being original, complicated, changeable, human... putting their lives together in ways I never

dreamed of". While *Jazz* displays Morrison's supreme ability to illuminate social process and the sweep of history through character, those seeking the emotional authority of *Beloved* or the visionary intensity of *The Bluest Eye*, *Sula* or *Song of Solomon*

JAZZ
by Toni Morrison
Chatto & Windus £14.99, 229 pages

PLAYING IN THE DARK
by Toni Morrison
Harvard Univ. Press £11.95, 91 pages

are likely to be disappointed in *Jazz*'s preoccupation with its own construction: the self-consciousness of the telling has perhaps been at the expense of the tale. Morrison, a revered chronicler of the African-American experience, in a collection of essays on the work of white American writers, challenges "American Africanness": the "disabling virus" of myths, stereotypes and misconceptions of African peoples to which her own fiction is powerful antidote. In *Playing in the Dark* she argues that, just as the Enlightenment's concept of freedom was parasitical on the reality of slavery, the rights of

man yoked inevitably to the assumption of racial hierarchy, the concerns of a nascent American literature were shaped by the white relationship to a "dark abiding signifying Africianist presence".

Developed with illustrations from Poe, Twain, Melville, Hemingway and others, Morrison's argument provocatively extends critiques of colonial literature (notably Edward Said's *Orientalism*, or the Nigerian Chinua Achebe's dissection of Conrad) to white American writing in its relation to its own subordinate black population. In doing so, she challenges the "universalist" or "race-free" pretensions of a literature whose habitual resort to shorthand constructions of blackness marks it out as the product of white writers with an assumed white readership.

More crucially, her sombre conclusion that racism "is as healthy as it was during the Enlightenment", its utility as a metaphor having outstripped its ideological purpose in justifying economic exploitation, lays down a challenge to others to share her own project as a writer: to "free-up" the language from the "sinister, lazy, predictable racial codes" that pervade and impoverish it.

Maya Jaggi

Citizens in uniform

THE CHIEFS: THE STORY OF THE U.K. CHIEFS OF STAFF by General Sir William Jackson and Field Marshal Lord Bramall Brassey's £30, 508 pages

the course of successive changes from 1914 to the present day: a Cabinet Secretariat; the establishment of the Chiefs of Staff Committee of the CID in 1923 - but lacking an effective intelligence and planning element until the 1930s; the evolution of a Ministry of Defence from the second world war onwards; the rather crab-like course pursued by successive Chiefs of Staff since 1945, whereby the Chief of the Defence Staff has gradually become the focus of strategic thought, tri-service planning, and the execution of operations in war, not their delegation to commanders in the theatre.

The authors' commentary and their candidly expressed opinions really come to a sustained critique of a central element in modern British history: adhesion to imperial commitment, aversion from the Continental commitment. The Falklands war in 1982 and the Gulf war in 1991 must be seen as a very late flowering of imperialism, and however much one says that neither conflict has any lessons for the future, and that Britain's primary strategic role must remain in Europe, the authors clearly think otherwise.

There is merit in their arguments that "out of area" crises and conflicts are not only likely but will make demands on Britain's armed forces, but there is a touch of casuistry in the supposition that if Britain had always pursued an imperial (or strictly speaking maritime) strategy and eschewed the Continental commitment much British blood and treasure might well have been spared. For which

the answer would seem to be: two world wars might have been prevented if Britain had honoured the Continental commitment in time. But the Chiefs of Staff were not only "terrified" of such a commitment in the 1930s, whether in relation to France or Russia (the word is that of an official historian, not this reviewer); their predecessors before 1914 were united in hostility to Haldane's concept of a British Expeditionary Force.

The authors, in narrating the Falklands war from the inside, do, in a sense, have the last word. What does emerge from their account is that the "War Cabinet" was notably more belligerent in public than in Downing Street, and that the resolution of the "Chiefs" was certainly needed at critical moments. The Falklands war was not made by the Brass Hats, but the Frocks certainly had cause for gratitude in that they ran it with skill and imagination. The Chiefs remained citizens in uniform, just.

Anthony Verrier

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ARTS

Violence on the high seas

Nicholas Woodsworth needed no fairy dust to find these pirates

WHEN Wendy Darling and Peter Pan flew to Never-Never Land they used a complicated process involving fairy dust and the thinking of happy thoughts. When I stumbled out of a West End cinema one afternoon after watching Dustin Hoffman single-handedly take on Peter and the Lost Boys, I, too, felt like visiting the land of the pirates. Fairy dust is a nice professional flourish, but quite unnecessary. I simply strolled down to the Thames below Charing Cross, hopped onto a river bus, and headed east.

In fiction, pirate country is a sunny, far-away place of desert islands, squawking parrots and endless noggins of rum. Pirates themselves are jolly, hearty types, a bit wild and roguish at times, but lovable enough in their own peg-legged way. In reality nothing could be further from the truth. Never-Never Land begins at Wapping, and pirates are the most desperate, unlovable characters you could ever stumble across.

As the river bus skimmed past ferries and barges, warehouses and offices, it all looked innocuous enough. But as we passed through Wapping, one of the crew pointed out Execution Dock and a long flight of steps leading down into the water. It was here, at low tide mark - territory falling under Admiralty jurisdiction - that for centuries captured pirates were hanged on gallows erected on the river bed.

There was nothing jolly or romantic about this. Consider the notorious William Kidd who, mercifully, was roaring drunk the day he was hanged here in 1701. The first time he was strung up the rope snapped and he fell staggering



A typically misleading view of a pirate's life of indolence and sensual luxury

given over to them and shows that they are more intriguing than anything Spielberg could dream up. Piracy has existed throughout history and in many parts of the world; rather than the stock, cardboard cut-out figures we usually imagine, they were a collection of individuals of highly different origins, motives and destinies, with little holding them together as a group other than a willingness to use violence to gain wealth on the high seas.

Contrast, for example, Sir

Francis Drake and my own favourite pirate, Edward Teach, better known as Blackbeard. Drake was the greatest seaman of his age, the Queen's servant, and also a privateer - a man who sailed with a letter of marque, or Crown commission, authorising him to plunder Spanish shipping on its behalf in time of war. So lionised was he by the English public that not even unofficial plundering and daring peacetime raids on Spanish colonial ports prevented his being

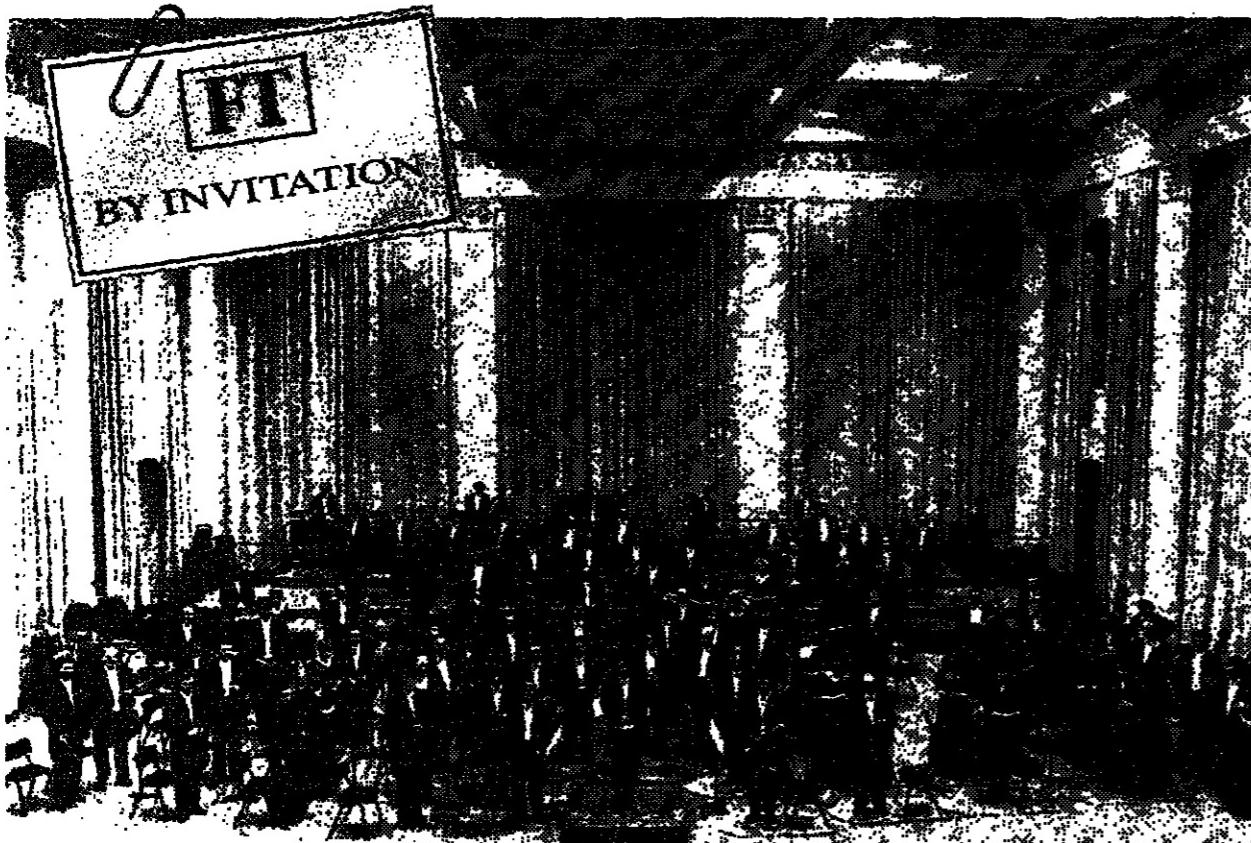
knighted by Elizabeth I. Blackbeard, on the other hand, was a horrific, Rasputin-like figure who brutalised the men who served him and terrified opponents by appearing in the thick of battle with ribbons tied in his enormous beard, three pairs of pistols strapped to his chest, and smoke-belching slow fuses tucked under his hat. When the end finally came, it took five bullets and more than 20 deep cutlass wounds to bring Blackbeard down.

But different as they may seem, Drake, Blackbeard, Kidd, John Hawkins, Henry Morgan, "Calico Jack" Rackham, the cross-dressing female pirate Mary Read and a score of other infamous pirates are in one sense much of a likeness - they emerged from a "golden age" of piracy which lasted from the 1670s to the 1830s and was based largely in the Caribbean, first on the island of Hispaniola (present day Haiti) and later at the Jamaican pirate town of Port Royal "the wickedest town in Christendom".

One of the exhibition's attractions, then, is that among its graphic displays, film extracts, sound simulations, robotics and documents and memorabilia from pirate life, room has been found for inclusion of the greater pirate world - mayhem in the Mediterranean, plunder in the Indian Ocean, rapine off the south-east Asian archipelago, terror off Chinese coast. Such an inclusion is merited, for east Asian piracy took place on a vastly scale than it did in even in the Caribbean; witness the great 19th century pirate fleet of the female pirate Ching Shin, who controlled 800 large junks and a pirate community of some 80,000 men and women.

But violently acquisitive as pirates were, few indeed had the luxurious life myth has created for them. Most immediately spent what money they did gain on drink and gambling, leaving little for the gentler pleasures, or even essentials of life. If they took life easily, they gave it easily as well - many died violently or of disease and desolation, without a penny in their pockets. Measure these facts up against the colourful fiction of piracy, however, and it is fiction that wins every time. Just ask the bloodthirsty hordes queuing outside West End cinemas.

■ *Pirates: Fact and Fiction* at the National Maritime Museum until September 6



The Philharmonia in Paris

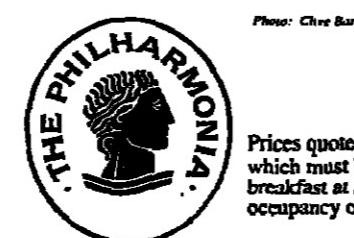


Photo: Che Burks

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Off the Wall/Anthony Thorncroft

One huge gamble

"WHAT'S happening?" enquire arts administrators of journalists, artists of their agents. The answer is a resounding silence. Since David Mellor took over as Secretary of State for the new Ministry of the National Heritage the arts world has been coated in aspic, and is likely to remain so for the next three months.

Sensibly Mellor will closely scrutinise every aspect of his rag-tag empire, which embraces the performing arts and broadcasting, sport and the heritage, before making the profound changes destined to come from a man with his ambition, energy and inclination. The first priority is to find an architecturally distinguished home for his 350 strong work force, assembled from a host of ministries and currently based around the Office of Arts and Libraries.

At least the team is in place, and Mellor plans no additional junior ministers to handle the arts or sport on a daily basis. He will take all the major decisions, allowing his number two, Robert Key, to oversee the one area Mellor still feels ill at ease with - the national heritage. A new PS, Hayden Phillips, has been brought in from the Treasury to try and restrain expenditure.

Mellor made it clear this week that everything will be reviewed, including the Arts Council. He will read with interest the Council's "National Strategy for the Arts", the first draft of which emerges next week, but there are already signs that the new Ministry regards this as the unfinished business of the old regime. Under Mellor the drift towards regional funding, of derelict hospitals wards, prefabricated schools on the one hand, while great palaces for culture, providing nourishment for the middle classes, arise elsewhere. The arts will have a fight on their hands holding on to the money if life and death public services seem underfunded.

No one has yet worked out whether the arts can handle all the extra money which is targeted its way. If Mellor is looking for another transportation metaphor to describe his department he might consider, then quickly reject, "a gravy train".

The gold is obviously the proceeds of the National Lottery. The best estimate is that the Lottery should be up and running by 1994 and capable of generating up to £1.5b a year. This is an

amazing amount of money. It will be alert for more favouritism, especially as the LPO has made itself unpopular since assuming the position of "house" orchestra at the South Bank Centre from the autumn.

The LPO has undoubtedly privileges, spelt out in the Tooley Report which heralded its appointment. But it seems to want more and has run into conflict with the Philharmonia, which acquired the status of "best friend" of the South Bank.

In terms of performances there is not much between them - 50 subscription concerts a season for the LPO; 45 for the Philharmonia. Both get the chance to rehearse in the Festival Hall.

But the Philharmonia's position of power without responsibility is irritating the LPO and already there are clashes appearing in the musical calendar. Next May for example the Philharmonia is performing Mahler's 7th Symphony under Sinopoli and in the same month the LPO is entrusting the work to Tennstedt. This is just the kind of thing that the ministry was designed to avoid.

In theory London's four commercial orchestras are entering a period of calm. The LSO is resident at the Barbican, the LPO and the Philharmonia nestle on the South Bank and enjoy seasons at Glyndebourne and Paris respectively, while the RPO is free to tour the world and be commercial.

But the new scenario carries seeds of disaster. Next season the Festival Hall will be dark on well over 50 nights for rehearsal time. Audiences have been thinned by the recession and on average the Hall is less than two thirds full. The LPO will be asked to present challenging concerts. We could see a public reaction against a South Bank which appears to be either closed or presenting music of the third Vienna School.

But if audiences yearn for the good old days of populist works the musicians have never had it so good. Big increases in subsidy to the favoured orchestras mean that earnings have more than doubled in the past four years as the orchestras compete for the best players. The Philharmonia has even introduced holidays and sabbaticals - on the strict understanding that the musicians do not moonlight during their breaks.

Mullova's Schoenberg

ALTHOUGH THE future for three of London's orchestras has been settled, the outlook for the Royal Philharmonic Orchestra remains uncertain: the impression is that it will find a less than warm welcome on the South Bank so long as its concerts are seen to be adventurous.

So there is an irony that its three programmes this month under its Music Director, Vladimir Ashkenazy, include a major Messiah score, the continuation of its Shostakovich cycle which is being recorded and, on Wednesday, the Violin Concerto by Schoenberg. This last is a rarity in the concert hall. A difficult work in every sense, it is shunned by audiences and violinists in just about equal measure.

Its reputation as a heavyweight goes before it. Heard live, however, the concerto is surprisingly light on its feet, the large orchestra used with delicacy, the solo violin never wrestling to make itself heard. No doubt Ashkenazy is a sympathetic accompanist, but then it would be difficult not to give one's best support in this work to a soloist as immaculate as Viktoria Mullova.

Where other players may struggle to get the notes, Mullova has no problems. The part is well within her technical limits and she has time to make music from it. This is not to say that her performance

was an overtly emotional one, for Mullova is a dispassionate performer, but she became expressive simply by playing supremely well. There was never an ugly sound, but equally there was no striving after prettiness for its own sake. Just pure and beautiful music-making.

After the interval Ashkenazy and the RPO returned to give

us their familiar interpretation of Sibelius's Second Symphony. The grand lyricism of Ashkenazy in the big romantic symphonies suits this one perfectly, as does the orchestra. If a move from the South Bank is in prospect, the RPO might ponder that it would not sound as splendid at the Barbican.

Richard Fairman

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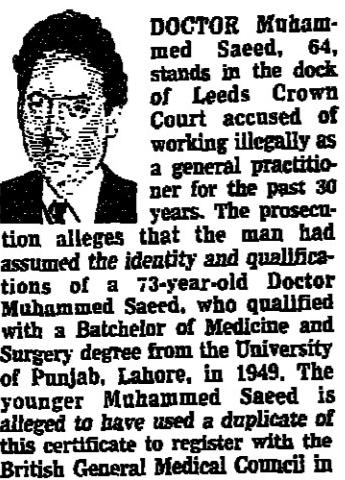
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ROYAL OPERA HOUSE



DOCTOR Muhammed Saeed, 64, stands in the dock of Leeds Crown Court accused of working illegally as a general practitioner for the past 30 years.

The prosecution alleges that the man had assumed the identity and qualifications of a 73-year-old Doctor Muhammed Saeed, who qualified with a Bachelor of Medicine and Surgery degree from the University of Punjab, Lahore, in 1949. The younger Muhammed Saeed is alleged to have used a duplicate of this certificate to register with the British General Medical Council in 1961.

Since then, young Saeed has run a surgery in Bradford, West Yorkshire, with 3,000 patients. The prosecution alleges that the man was "bogus" and was running a sub-standard surgery with sub-standard facilities with a low regard for

The strange case of Dr Mitty

Dominic Lawson asks what it takes to give a person an air of authority

cleanliness... this man is ignorant of medicine and ignorant of the breadth of medicine available and is capable of many prescribing errors."

Only time, and the jury at Leeds Crown Court, will tell whether young Saeed is guilty or innocent of the charge of deception. It brings to my mind an earlier and quite different case in which a man far younger even than young Saeed successfully masqueraded as a surgeon in a National Health Service hospital. He performed a number of minor operations successfully before he was detected as a fantasiast who had always dreamt of being a surgeon, a dream nourished by a collection of Emergency Ward

10 videos. The poor man was defrocked of his white coat, to end up at an institution in the care of other men in white coats. Were they real doctors? - The coat is essential to the trick.

On a more mundane level, I recall the antics of a parsimonious friend with a large appetite who, living near a large hospital, would at lunchtime don a white coat and walk into the hospital canteen. Naturally, the more often he went, the less likely it was that he would be challenged.

But Mr Doctor Saeed has been practising "real" medicine for over 30 years, without raising suspicion. II, as the prosecution allege, he was

not genuine, then it is the greatest example of a successful placebo test in the history of medicine, showing that it is not just fake pills that can cure or treat a patient, but even a fake doctor and a fake surgery.

Paradoxically, the greater the position of authority, the more likely people are to be fooled or convinced.

I recall a conversation with a political observer of some note in the early days of the recent General Election campaign - when it was fashionable, indeed obligatory, to rubbish the Prime Minister.

Major, said this disenchanted observer to me, was a Walter Mitty figure who had, by some bizarre twist of fate, been propelled from obscurity into the job of Prime Minister.

The pundit explained it was actu-

ally very easy to persuade people that one really was the Prime Minister, prime ministerial even. One lives at the right address, and was driven around in the right sort of car, with the right sort of bodyguards. And one had all the resources of the Civil Service at one's disposal, to give one a plausible answer to any tricky questions that might be put. Then the pundit tapped his nose. "But now Mr Major must do without his civil servants" - the equivalent of Dr Saeed's nurse, perhaps "and once he is all alone on the hustings, the electorate will suddenly realise that he is not really the Prime Minister after all, but just Walter Mitty." Well, they didn't. Which, I suppose the Labour-voting pundit would argue, shows that you can fool 41 per cent of the people all the time.

■ Dominic Lawson is editor of the *Spectator*.

A real con artist

Nigel Spirey

I CANNOT claim to have seen one of the late Francis Bacon's champagne claque. But I have a nice vision of the artist from someone who was.

The setting of this vignette is not the Colony Rooms in London Soho, but a Chinese restaurant in the Clerkenwell Road; and Bacon is ensconced not so much with his arty retinue as with an effete London mobster. I am told he gets along very well with such scoundrels, and competed easily with them when it came to paying the bill for Chinese meals. He was as he told them enormously rich. "Yeah," snarled one. "And you can even draw a bloody dawn!"

In fact, Francis Bacon may well have had difficulty in drawing a dog: he never claimed to be a realistic draughtsman. But this is not the point. In the eyes of such company at least he seemed like one of them: an arch con man, touching snobbers for millions with his pictures and trifling the proceeds as would any big-time felon, on champagne and canapés. It sets me pondering about the rapport between art and criminality. Was Bacon alone in bridging the gap?

The motive of playing tricks on the public has never been far away. Ancient Greek artists liked to paint bunches of grapes so juicy that people would try to grab them.

They sculpted cows so motherly that young calves came up to suckle the stumps. This, if you think about it, is a kind of fraudulence. Then there was that other Greek artist who, curious to study expressions of pain, subjected his models to tortures of which the Kray Brothers

HAWKS & HANDSAWS

might have boasted.

Examples of real degeneracy among great artists readily come to mind. Benvenuto Cellini was as proud of his record of GBH as his silverware. Caravaggio was a scallywag. Most of the works of Rodin and Auguste John are the fruits of persistent sexual harassment, and as for Salvador Dali, his confessed record of malfeasance is too repellent to be quoted here. It is enough to say that he was one of the most poisonous individuals this century has so far produced.

There is a converse side to this. In Rome recently, I watched some pickpockets in action: gypsies, children, none of them more than nine or ten years old. Their subject was a camera and cash-laden caravanserai of Japanese tourists: their treatment of it can only be described as virtuous. With a few deft strokes, they picked out essential details, exhibited wonderfully sensitive handwork, and lightened the load of human existence.

What more do we want from any artist? I felt like the fellow who came upon a young Giotto, scratching icons on a rock while tending his father's sheep. There was a genius in these gypsies: children, they wanted a proper apprenticeship, an academy, for the full flowering of their potential.

Coincidence of crime, of course, share much in common with the connoisseurs of art. It was always the unsigned touches of master that intrigued Sherlock Holmes: and his techniques for attribution were exactly the same as those currently being used by a posse of Dutchmen bent on distinguishing Rembrandts from non-Rembrandts.

Trawling page three of the *Daily Telegraph* for first-class examples of modern mastery, I am regularly gratified to find that the aspirations to virtuosity among criminals are abundant, and no sign whatever that the English country house murder is in decline.

Of course, there are plenty of unfurled types about - crass daubers and desperados who know nothing of preliminary sketches, finishing touches, and so on, but some real craftsmen are in evidence.

There are those who can capture every salient object of value in your house within a matter of minutes. Others present convincing models of pension fund managers; others create marvellous images of aristocratic lifestyles. Still others work in the chiaroscuro world of back alleys, mixing unusual powders for extraordinary leaps of the imagination; while others again prefer to shock the public by their stubborn disregard for form and decorum.

To anyone who has lately been burgled or set upon, this will appear a heartless conceit. And in truth, I see only one benefit from granting artistic status to our criminals: it would be a renaissance for which the government would be given credit.

Private View/Christian Tyler

From exodus to Armageddon

FROM THE ruins of Armageddon came the sound of violins. The sound led to a man and woman in their fifties who stood together in the shade of a eucalyptus tree at the foot of the ancient city. They were reading from dog-eared sheet music, duets by the late 18th century composer Ignace Pleyel. Propped in front of them was a printed plastic sign: "New immigrants from USSR" and a basket containing coins.

The couple said they had arrived from the Ukraine two years ago and this gentle form of busking was the only employment they had found so far.

Israelis are fond of saying with a wry pride that they have enough Russian immigrant violinists to fill their national symphony ten times over. But the joke turns sour when in the centre of Jerusalem or Tel Aviv you can find whole streets full of professional musicians scraping for a living.

About 350,000 Soviet Jews have landed in Israel since they were given freedom to emigrate in 1989, a number which is equivalent to 7 per cent of the country's population. The total was expected to rise to 1m by 1995 but in the past year the

monthly intake has halved and halved again. At the last reported count, some 1,500 Russians had applied to go home again.

Russian unemployment has given rise to scandalous tales - of university professors reduced to scavenging in dustbins, of doctors employed as hucksters and women teachers resorting to prostitution - and to resentment on both sides.

I went to the Soviet Jewry Centre in central Jerusalem to meet Alexander Nathanson, a 50-year-old physics lecturer from Kuybyshev on the river Volga, who has been in Israel for 15 months without a job.

The centre is one of 14 refuges in the city where Russians can go to keep themselves occupied. This one specialises in the arts: chamber music, jazz, drama, painting, and performances by "the singing rabbi". An Edith Piaf album was playing in the coffee shop. Everybody smoked. A greybeard with a profile to rival Rasputin's sat at the bar. A dark youth by the window signed over a letter from home. Somebody was practising the saxophone in a nearby auditorium.

Nathanson is tall and very shy, with big hands and a slow smile. He talked, through an interpreter, as if undergoing yet another bureaucratic interrogation, self-effacing to the point of submissiveness, polite, alert but careful to say nothing that might offend his host country.

I asked him whether he had felt victimised in Russia.

"In general it was difficult for a Jew to get to university, especially to a physics faculty."

Would you have got further if you were not a Jew?

"Possibly."

In ordinary life, how did this

what was going to happen to the country."

Nathanson emigrated with his wife Alla, a piano teacher who is also looking for work, and his daughters Anna, 21, and Elina, 15. I asked him if it was his decision to leave, or his wife's.

"It was our joint decision. We thought a lot about it and then decided."

In the Soviet Union did you feel Jewish or did you feel Russian?

"I was born in Russia and my native language was Russian. I was brought up on Russian culture and literature. And of course I read the works of Russian writers and I loved them. But I never forgot that I'm a Jew and I was also aware of Jewish culture. I went to concerts of Jewish music and everything, but I am not religious."

Did you really want to go to America or some other country? Was Israel your first choice?

"We came here at the time of the Gulf War and we stopped first of all in Hungary where my wife tried to get us to some other country. But I wanted to go to Israel and insisted."

What is so special about Israel?

"We didn't have much choice. That is one of the reasons. Another important reason is that it is our national motherland."

What are your prospects of work?

"At the moment I am studying at the university, a special course for teachers of physics and mathematics. I hope that after I've finished I'll be able to find a job."

There must be many others with similar qualifications. Won't it be a problem finding work?

"Yes, I think it's a big problem at the moment. But I am also a member of the organisation of Russian



Alexander Nathanson, a Russian immigrant to Israel, on anti-Semitism, his new life in the Jewish Motherland, and the search for employment

scientists immigrants who try to develop their own ideas for commercial application. I hope we will manage but it's very difficult. Perhaps I will find a job in this way."

Do you find it depressing?

"Naturally I have spent a lot of time learning Hebrew. But I am not used to being unemployed for such a long period."

Did you know before you came how difficult life would be here?

"I did know, but I was hopeful."

Housing is as much or more of a problem in Israel as it was in Rus-

sia. Critics of the right-wing government accuse it of treating the Russian immigrants as political pawns: using their presence to justify aggressive settlement-building in the occupied West Bank instead of finding ways of absorbing them in the home economy.

In Kuybyshev the Nathanson family had two large rooms. In their suburban flat in Talpiot outside Jerusalem they share three bedrooms and a sitting room with his parents-in-law and his daughter's

husband.

What do you most like about Israel, I asked him.

"The people and the scenery. Almost every day when we were studying the *zohar* (the immigrants' crash course in Hebrew) in the

natural environment I

How does it compare with home?

"The biggest difference is that I am used to water. I used to live on the bank of the river and here in Jerusalem I feel there is no water. I used to go sailing with my friends every summer."

And what do you find most difficult about living here?

"The main difficulty is not knowing the language. But now things are improving. Second, the lack of friends and relatives."

Do you find the Israelis resentful because there are so many Russians here looking for work?

"You can't generalise: there are different kinds of people. I myself have mostly met people who are very nice and ready to help. Maybe there are some who are not happy about the Russians."

You've suffered no victimisation because of it?

"No."

Do you know people who have?

"I don't like blaming people without knowing the facts. You can't blame people just from something you've heard."

Have there been occasions when you have wished you had never come?

"I miss not working very much."

But I did it for the most part for the sake of my children. Maybe if I had been alone I wouldn't have come here."

Can you describe how living here has changed you? Do you feel a different person?

"I lived in the Soviet Union for almost 50 years and although I understood and realised many things, I was influenced by the Soviet propaganda and ideology."

"Here I feel much more free. It's a pity that I wasted a lot of time on such empty things: for example, studying the history of the Communist Party. I used to study at the Institute of Marxism-Leninism, and that also was a waste of time. Now I realise it."

While in the army Nathanson was invited to join the Communist Party. He refused. "I wasn't blind," he said.

Do you see any similarity between the way the Russians treat the Jews and the Jews treat the Arabs?

"It's very difficult to answer this question. To answer it you have to know much more about history and roots. From what I can see those Arabs who live in Israel feel very free and feel secure, while some Israelis even in their own land feel they have to be wary when they come in contact with Arabs."

I think that to understand Israel you must live in Israel. If you are outside the country it doesn't look the same as if you live here. It's a little bit difficult."

He smiled wryly. "Everyone has his own problem in life."

restaurant stays bad for ever - it usually goes out of business.

In almost four years as a restaurant critic three different critics have treated me with legal action - one even phoned me at home at 8.45am on a Saturday to complain about what I had written about him in that day's paper - but fortunately nothing materialised.

What I dread far more is a letter of complaint, or even the threat of legal action, from a reader who has returned disappointed from a restaurant I have praised.

I sincerely hope it will never happen. If it should, I will carry on going to restaurants because I feel that they do more than just serve food and wine. When the novelist Paul Gallico was a sports journalist for the *Daily News* in New York in the 1920s and early 1930s he wrote that he loved going to sporting events - boxing, baseball or the races - because all human life was there. I feel the same way about restaurants and no judge, over-sensitive restaurateur or prima donna chef is going to dampen my enthusiasm for them.

Yes, chefs have feelings too

Nicholas Lander on a restaurant critic's comeuppance

shortly after we opened, brought any noticeable increase in business. The other good reviews did, however, have one significant effect - they were wonderful for staff morale. Photocopied and pinned to every available wall in the kitchen and staff changing room, they gave everyone a much-needed boost and allowed us to deal calmly with the customers next day who demanded the impossible immediately.

I wish I could say we accepted the bad reviews with the same equanimity. We swore, cursed, felt very hurt and tried to investigate what had gone wrong. In one respect the hurt was understandable. Cooking is a very personal process.

When I cook at home for friends and they leave anything on their plates - I try to be a generous host - I feel hurt. Chefs have the same

feelings. They do not like their hard work to be rejected but because they very rarely see their customers they have no chance of gauging their customers' reaction whether it is laudatory or critical.

A playwright, concert pianist or sculptor, whose productions may take years to create, does not have this opportunity. When I asked the novelist Julian Barnes how he reacted to a bad review he said that it would be inhuman not to feel some gut reaction - letting down the tyres of the reviewer's car was his immediately intuitive solution. But in his previous careers, studying for the Bar and then writing literary and